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COMMISSION
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Progress Energy

March 31, 2011

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 090473-EI; Consummation Report for 2010

Dear Ms. Cole:

Pursuant to Order No. PSC-09-0761-FOF-EI, issued November 18, 2009 in the subject docket, and Rule 25-8.009, Florida Administrative Code, enclosed for filing on behalf of Progress Energy Florida, Inc. is an original and three (3) copies of its Consummation Report for 2010.

Thank you for your assistance in this matter. If you should have any questions, please feel free to contact me at (727) 820-5587.

Sincerely,

R. Alexander Glenn

RAG/lms
Enclosure

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DOCKET NO. 090473-EI

FLORIDA PUBLIC SERVICE COMMISSION

TALLAHASSEE, FLORIDA

CONSUMMATION REPORT

TO

APPLICATION OF

PROGRESS ENERGY FLORIDA, INC.
(FORMERLY FLORIDA POWER CORPORATION)

FOR AUTHORITY TO ISSUE AND SELL

SECURITIES DURING THE TWELVE MONTHS ENDED
DECEMBER 31, 2010

PURSUANT TO FLORIDA STATUTES, SECTION 366.04

AND FLORIDA ADMINISTRATIVE CODE CHAPTER 25-8

Address communications in connection with this Consummation Report to:
R. Alexander Glenn
General Counsel
Progress Energy Florida, Inc.
299 First Avenue North, Suite 151
St. Petersburg, FL 33701
Dated: March 31, 2011

DOCUMENT NUMBER-DATE
02119 MAR 31 =
FPSC-COMMISSION CLERK

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE:	APPLICATION OF PROGRESS ENERGY FLORIDA, INC. FOR AUTHORITY TO ISSUE AND SELL SECURITIES DURING THE TWELVE MONTHS ENDED DECEMBER 31, 2010 PURSUANT TO FLORIDA STATUTES SECTION 366.04 AND CHAPTER 25-8, FLORIDA ADMINISTRATIVE CODE	) DOCKET NO. 090473-EI

The Applicant, Progress Energy Florida, Inc., formerly Florida Power Corporation, (the "Company"), pursuant to Commission Order No. PSC-09-0761-FOF-EI issued November 18, 2009 (the "Order"), and Rule 25-8.009, Florida Administrative Code, hereby files its Consummation Report for the twelve months ended December 31, 2010 as directed by the terms of the Order and states as follows.

The Company did not issue any medium-term notes or other debt or equity securities during calendar year 2010, except for (i) $600,000,000 aggregate principal amount of First Mortgage Bonds; and (ii) a note that was delivered to evidence loans to the Company from the Utility Money Pool established pursuant to an Amended and Restated Utility Money Pool Agreement dated as of October 21, 2009 by and among Progress Energy, Inc., a North Carolina corporation subject to regulation by the Federal Energy Regulatory Commission under the Public Utility Holding Company Act of 2005, and certain of its subsidiaries, including the Company.

The Company typically issues commercial paper for terms up to but not exceeding 270 days from the date of issuance. The commercial paper is issued pursuant to a Commercial Paper

Dealer Agreement dated December 23, 1985 with Merrill Lynch Money Markets Inc., as assigned to and assumed by Banc of America Securities LLC on February 26, 2009, and later assumed through merger by Merrill Lynch, Pierce, Fenner & Smith Incorporated on November 1, 2010 (the "Banc of America Merrill Lynch CP Agreement"), a Letter Agreement dated November 20, 1992 with J.P. Morgan Securities, Inc. (successor to Banc One Capital Markets, Inc., successor to First Chicago Capital Markets, Inc.) (the "J.P. Morgan CP Agreement"), and a Letter Agreement dated September 29, 2004 with SunTrust Capital Markets, Inc. (the "SunTrust CP Agreement"). The commercial paper is sold at a discount, including the underwriting discount of the commercial paper dealer, at a rate comparable to interest rates being paid in the commercial paper market by borrowers of similar creditworthiness. The Company did not have any commercial paper issuances in 2010.

As back-up for its commercial paper program, the Company has executed a new Three-Year Revolving Credit Agreement (the "Three-Year RCA") with Bank of America, N.A., as Administrative Agent for the lenders named therein, dated as of October 15, 2010, providing for long-term loans to the Company in the aggregate principal amount not exceeding $750,000,000. The Three-Year RCA replaced the Five-Year Revolving Credit Agreement with Bank of America, N.A., as Administrative Agent for the lenders named therein, ahead of its March 28, 2011 expiration date in order to maintain adequate long-term liquidity in the accommodative bank market, and to maintain adequate liquidity in the view of the credit rating agencies (specifically Standard & Poor's and Moody's Investor Service), who discount credit agreements that expire in less than one year in their ratings determination process. The Three-Year RCA will expire on October 15, 2013. No loans were made to the Company pursuant to either agreement during 2010.

The Utility Money Pool was established to coordinate and provide for certain short-term cash and working capital requirements of the utility subsidiaries of Progress Energy, Inc. Each utility subsidiary may contribute funds to the Utility Money Pool. No loans through the Utility Money Pool will be made to and no borrowings through the Utility Money Pool will be made by Progress Energy, Inc. The principal amount of each loan from the Utility Money Pool, together with all interest accrued thereon, are to be repaid on demand and in any event within 365 days of the date on which the loan was made. The Company had maximum borrowings of $309,635,865 from the Utility Money Pool during 2010. As of December 31, 2010, the Company had outstanding borrowings from the Utility Money Pool of $8,560,906. The average interest rate on outstanding Money Pool balances was 0.30%.

A statement showing capitalization, pretax interest coverage, and debt interest and preferred stock dividend requirements at December 31, 2010 is attached hereto as Schedule A.

Additional details concerning the foregoing are contained in the following exhibits filed herewith or filed with previous Consummation Reports and incorporated herein by reference (with the exhibit numbers corresponding to the applicable paragraph number of Rule 25-8.009, Florida Administrative Code):

Exhibit No.	**Description of Exhibit**
(1)-a	Five-Year Credit Agreement, dated as of March 28, 2005, between the Company, the Lenders named therein, and Bank of America, N.A., as Administrative Agent for the Lenders. (Included as Exhibit (1)-a to the Company's Consummation Report filed with the Commission on March 31, 2006 in Docket No. 041267-EI, and incorporated herein by reference.)

Exhibit No.	Description of Exhibit
(1)-b	Amendment, dated as of May 3, 2006, to the Five-Year Credit Agreement, dated as of March 28, 2005, between the Company, the Lenders named therein, and Bank of America, N.A., as administrative agent for the Lenders. (Included as Exhibit (1)-f to the Company's Consummation Report filed with the Commission on March 30, 2007 in Docket No. 050844-EI, and incorporated herein by reference.)
(1)-c	Extension, dated as March 12, 2008, of the termination date of the Five-Year Credit Agreement, dated as of March 28, 2005, between the Company, the Lenders named therein, and Bank of America, N.A., as administrative agent for the Lenders, until March 28, 2011. (Included as Exhibit (1)-c to the Company's Consummation Report filed with the Commission on March 31, 2009 in Docket No. 070653-EI, and incorporated herein by reference.)
(1)-d	Three-Year Revolving Credit Agreement, dated as of October 15, 2010, between the Company, the Lenders named therein, and Bank of America, N.A., as Administrative Agent for the Lenders.
(1)-e	Commercial Paper Memorandum dated May 2009 of Banc of America Securities LLC. (Included as Exhibit (1)-j to the Company's Consummation Report filed with the Commission on March 31, 2010 in Docket No. 080640-EI, and incorporated herein by reference.)
(1)-f	Commercial Paper Offering Memorandum dated May 2009 of J.P. Morgan Securities Inc. (Included as Exhibit (1)-g to the Company's Consummation Report filed with the Commission on March 31, 2010 in Docket No. 080640-EI, and incorporated herein by reference.)
(1)-g	Commercial Paper Information Memorandum dated May 2009 of SunTrust Robinson Humphrey, Inc. (Included as Exhibit (1)-i to the Company's Consummation Report filed with the Commission on March 31, 2010 in Docket No. 080640-EI, and incorporated herein by reference.)
(1)-h	Commercial Paper Offering Memorandum dated November 2010 of Bank of America Merrill Lynch.
(1)-i	Commercial Paper Offering Memorandum dated November 2010 of J.P. Morgan Securities LLC.
(1)-j	Commercial Paper Offering Memorandum dated November 2010 of SunTrust Robinson Humphrey, Inc.

Exhibit No.	Description of Exhibit
(1)-k	Amended and Restated Utility Money Pool Agreement, dated October 21, 2009, between Progress Energy, Inc., Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., a North Carolina corporation, Florida Power Corporation d/b/a Progress Energy Florida, Inc., a Florida corporation, and Progress Energy Service Company, LLC, a subsidiary service company of Progress Energy and administrative agent. (Included as Exhibit (1)-l to the Company's Consummation Report filed with the Commission on March 31, 2010 in Docket No. 080640-EI, and incorporated herein by reference.)
(1)-l	The Company entered into a Forty-ninth Supplemental Indenture, dated as of March 1, 2010, to its Indenture, dated January 1, 1944, as supplemented, (the "Mortgage"), with The Bank of New York, as Successor Trustee, in connection with the issuance of the Company's First Mortgage Bonds, 4.55% Series due 2020 and 5.65% Series due 2040.
(2)-a	Opinion of Hunton & Williams LLP, Counsel to the Company, dated March 25, 2010, to Banc of America Securities LLC, J.P. Morgan Securities Inc. and Mitsubishi UFJ Securities (USA), Inc., as representatives of the underwriters, regarding the legality of the Forty-ninth Supplemental Indenture.
(2)-b	Opinion of R. Alexander Glenn, General Counsel of Florida Power Corporation d/b/a Progress Energy Florida, Inc., on behalf of the Company, dated March 25, 2010, to Banc of America Securities LLC, J.P. Morgan Securities Inc. and Mitsubishi UFJ Securities (USA), Inc., as representatives of the underwriters, regarding the legality of the Forty-ninth Supplemental Indenture.
(2)-c	Opinion of Hunton & Williams LLP, Counsel to the Company, dated March 28, 2005, to Bank of America, N.A., as administrative agent for the Lenders, regarding the legality of the Five-Year Credit Agreement. (Included as Exhibit (2)-a to the Company's Consummation Report filed with the Commission on March 31, 2006 in Docket No. 041267-EI, and incorporated herein by reference.)
(2)-d	Opinion of R. Alexander Glenn, Associate General Counsel of Progress Energy Service Company, LLC, on behalf of the Company, dated March 28, 2005, to Bank of America, N.A., as administrative agent for the Lenders, regarding the legality of the Five-Year Credit Agreement. (Included as Exhibit (2)-b to the Company's Consummation Report filed with the Commission on March 31, 2006 in Docket No. 041267-EI, and incorporated herein by reference.)

Exhibit No.	Description of Exhibit
(2)-e	Opinion of Hunton & Williams LLP, Counsel to the Company, dated October 15, 2010, to Bank of America, N.A., as Administrative Agent for the Lenders, regarding the legality of the Three-Year Revolving Credit Agreement.
(2)-f	Opinion of R. Alexander Glenn, General Counsel of Progress Energy Florida, Inc., on behalf of the Company, dated October 15, 2010, to Bank of America, N.A., as Administrative Agent for the Lenders, regarding the legality of the Three-Year Revolving Credit Agreement.
(3)-a	Annual Report on Form 10-K for the fiscal year ended December 31, 2010, filed by the Company with the Securities and Exchange Commission under the Securities Exchange Act of 1934.
(3)-b	Prospectus Supplement to Prospectus dated November 18, 2008 filed with the Securities and Exchange Commission on March 22, 2010.
(4)-a	Commercial Paper Dealer Agreement, Assignment and Assumption Agreement dated February 26, 2009 between Merrill Lynch Money Markets, Inc., Banc of America Securities LLC and the Company regarding the assignment and assumption of the Banc of America CP Agreement from Merrill Lynch Money Markets, Inc. to Banc of America Securities LLC. (Included as Exhibit (4)-c to the Company's Consummation Report filed with the Commission on March 31, 2010 in Docket No. 080640-EI, and incorporated herein by reference.)
(4)-b	Letter Notice regarding the November 1, 2010 assumption of Banc of America Merrill Lynch CP Agreement from Banc of America Securities LLC to Merrill Lynch, Pierce, Fenner & Smith Incorporated.
(4)-c	Letter Agreement dated November 20, 1992 between the Company and J.P. Morgan Securities, Inc. (successor to Banc One Capital Markets, Inc., successor to First Chicago Capital Markets, Inc). relating to the Company's commercial paper. (Included as Exhibit (d)-2 to the Company's Consummation Report filed with the Commission on March 27, 1997 in Docket No. 951229-EI, and incorporated herein by reference.)
(4)-d	Commercial Paper Dealer Agreement, dated September 29, 2004, between the Company and SunTrust Capital Markets, Inc. (Included as Exhibit (4)-a to the Company's Consummation Report filed with the Commission on March 30, 2005 in Docket No. 030987-EI, and incorporated herein by reference.)

Respectfully submitted this 31st day of March, 2011.

R. Alexander Glenn
General Counsel
Progress Energy Florida, Inc.
299 First Avenue North, Suite 151
St. Petersburg, FL 33701
Telephone: (727) 820-5184
Attorney for
PROGRESS ENERGY FLORIDA, INC.

GENCO738

SCHEDULE A

FLORIDA POWER CORPORATION
SELECTED FINANCIAL DATA

CAPITALIZATION:

Florida Power's capitalization at December 31, 2010:

Debt:	**Interest Rate**	**Amount Outstanding** (in millions)
First Mortgage bonds		
Maturing 2011 through 2040	5.82% (a)	$ 4,100
Pollution control refunding revenue bonds		
Secured by Mortgage, Maturing 2018 through 2027	0.52% (a)	$ 241
Medium-term notes		
Maturing 2010 through 2028	6.75% (a)	$ 150
Borrowing under 3-Year Credit Facility		
Facility Expires 2013	NA (a)	$ -
Discount being amortized over term of bonds		$ (9)
Total long-term debt		$ 4,482
Notes payable (Commercial Paper & Credit Facility Borrowings & Money Pool)		$ 9
Total debt		$ 4,491

Preferred stock:

Without sinking funds, not subject to mandatory redemption:

	Dividend Rate	Current Redemption Price	Shares Outstanding	
	4.00% Series	$ 104.25	39,980	$ 4
	4.40% Series	$ 102.00	75,000	$ 8
	4.58% Series	$ 101.00	99,990	$ 10
	4.60% Series	$ 103.25	39,997	$ 4
	4.75% Series	$ 102.00	80,000	$ 8
Total preferred stock			334,967	$ 34
Common stock equity				$ 4,890
Total capitalization				$ 9,415

(a) Weighted average interest rate at December 31, 2010

PRE-TAX INTEREST COVERAGE:

Florida Power's pre-tax interest coverage for 2010 was **3.7**

DEBT INTEREST:

Florida Power's debt interest charges for 2010 were **$ 271** *million*

PREFERRED STOCK DIVIDEND REQUIREMENTS:

Florida Power's preferred stock dividend requirements for 2010 were **$ 1.5** million

EXHIBIT (1)-d

EXHIBIT (1)-d

EXECUTION COPY
CUSIP Numbers: 34113FAA7
34113FAB5

$750,000,000

CREDIT AGREEMENT

Dated as of October 15, 2010

FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC.
(Company)

and

THE BANKS LISTED ON THE SIGNATURE PAGES HEREOF
(Banks)

and

THE OTHER LENDERS FROM TIME TO TIME
PARTY HERETO
(Lenders)

and

BANK OF AMERICA, N.A.
(Administrative Agent)

BARCLAYS CAPITAL,
the investment banking division of Barclays Bank PLC
(Syndication Agent)

and

BANC OF AMERICA SECURITIES LLC

and

BARCLAYS CAPITAL,
the investment banking division of Barclays Bank PLC
(Joint Lead Arrangers)

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B Form of Note
C Form of Assignment and Assumption
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D-2 Form of Opinion of General Counsel to the Company
D-3 Form of Opinion of General Counsel to the Borrower

D-4 Form of Opinion of Special Counsel to the Borrower
E Form of Opinion of Counsel to the Administrative Agent
F Form of Request for Extension of the Termination Date

CREDIT AGREEMENT

This Credit Agreement dated as of October 15, 2010 (this "***Agreement***") by and among FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC., a Florida corporation (the "***Company***"), the banks and other financial institutions and lenders listed on the signature pages hereof (the "***Banks***"), the other Lenders (as hereinafter defined) parties hereto from time to time and BANK OF AMERICA, N.A. ("***Bank of America***"), as Administrative Agent for the Lenders hereunder.

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"***Additional Commitment Lender***" has the meaning specified in Section 2.16(b).

"***Administrative Agent***" means Bank of America in its capacity as administrative agent for the Lenders, or any successor administrative agent.

"***Administrative Questionnaire***" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"***Advance***" means an advance by a Lender to the Company as part of a Borrowing and refers to a Base Rate Advance or a Eurodollar Rate Advance, each of which shall be a "***Type***" of Advance.

"***Affiliate***" means, as to any Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with such Person or is a director or officer of such Person.

"***Alternate Base Rate***" means, for any period, a fluctuating interest rate *per annum* as shall be in effect from time to time, which rate *per annum* shall at all times be equal to the highest from time to time of:

(i) the rate of interest announced publicly by Bank of America, from time to time, as Bank of America's Prime Rate (as defined below);

(ii) 1/2 of one percent *per annum* above the Federal Funds Rate in effect from time to time; and

(iii) BBA LIBOR, as published by Reuters (or another commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at 11:00 a.m. (London time) on the date

of determination for a term of one month (or if no such rates are quoted on such day for any reason, the previous day for which quotations are available) (the "***One-Month LIBOR Rate***") plus 1%; *provided, however*, if more than one rate is specified on such service, the applicable rate shall be the arithmetic mean of all such rates plus 1%.

"Prime Rate" means a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the One-Month LIBOR Rate shall be effective as of the opening of business on the effective date of such change in the Prime Rate, the Federal Funds Rate or the One-Month LIBOR Rate, as the case may be.

"***Anniversary Date***" has the meaning specified in Section 2.16(a).

"***Applicable Lending Office***" means, with respect to each Lender, (i) such Lender's Domestic Lending Office in the case of a Base Rate Advance, or (ii) such Lender's Eurodollar Lending Office, in the case of a Eurodollar Rate Advance.

"***Applicable Margin***" means on any date, the rate per annum set forth below for the applicable Type of Advance, determined by reference to the Reference Ratings:

Basis for Pricing	**LEVEL 1** If the Reference Ratings are at least A by S&P or at least A2 by Moody's	**LEVEL 2** If the Reference Ratings are lower than Level 1 but at least A- by S&P or at least A3 by Moody's	**LEVEL 3** If the Reference Ratings are lower than Level 2 but at least BBB+ by S&P or at least Baa1 by Moody's	**LEVEL 4** If the Reference Ratings are lower than Level 3 but at least BBB by S&P or at least Baa2 by Moody's	**LEVEL 5** If the Reference Ratings are lower than Level 4 but at least BBB- by S&P or at least Baa3 by Moody's	**LEVEL 6** If the Reference Ratings are lower than Level 5 or do not exist
Applicable Margin for Eurodollar Rate	1.350%	1.575%	1.775%	1.900%	2.050%	2.400%
Applicable Margin for Base Rate	0.350%	0.575%	0.775%	0.900%	1.050%	1.400%

The Applicable Margin will be redetermined on the date of any change in the Reference Ratings. If and so long as an Event of Default shall have occurred and shall be continuing, the Applicable Margin will increase by 2.00%. If the Reference Ratings assigned by S&P and Moody's are not comparable (*i.e.*, a "split rating"), and (i) the ratings differential is one category, the higher of such two ratings shall control, unless

one of the ratings is below BBB- or Baa3, or (ii) the ratings differential is two or more categories or one of the ratings is below BBB- or Baa3, the rating that is one below the higher of the two ratings shall control.

"***Approved Fund***" means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

"***Assignee Group***" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"***Assignment and Assumption***" means an Assignment and Assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 8.07), and accepted by the Administrative Agent, in substantially the form of Exhibit C hereto.

"***Attributable Indebtedness***" means, on any date, (i) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (ii) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"***BBA LIBOR***" has the meaning specified in the definition of "Eurodollar Rate".

"***Bank***" has the meaning specified in the introductory paragraph hereof.

"***Bankruptcy Event***" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, *provided* that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person or the exercise of control over such Person by a governmental authority or instrumentality thereof if and for so long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such governmental authority or instrumentality) to reject, repudiate, disavow or disaffirm obligations such as those under this Agreement.

"***Base Rate Advance***" means an Advance that bears interest as provided in Section 2.07(a).

"***Bank of America***" has the meaning specified in the introductory paragraph hereof, and shall include its successors and assigns.

"***Borrowing***" means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders pursuant to Section 2.01 or Converted pursuant to Section 2.09 or 2.10.

"***Business Day***" means a day of the year on which banks are not required or authorized to close in the State where the Domestic Lending Office of the Administrative Agent is located and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"***Change of Control***" means the occurrence, after the date of this Agreement, of (i) any Person or "group" (within the meaning of Rule 13(d) or 14(d) of the Securities and Exchange Commission under the Exchange Act), directly or indirectly, acquiring beneficial ownership of or control over securities of Progress Energy, Inc., representing in excess of 30% of the combined voting power of all securities of Progress Energy, Inc. entitled to vote in the election of directors of Progress Energy, Inc. or (ii) Progress Energy, Inc. shall fail to own, directly or indirectly, 95% of all securities of the Company entitled to vote in the election of directors of the Company.

"***Closing Date***" means the first date all the conditions precedent in Section 3.01 are satisfied or waived in accordance with Section 8.01.

"***Commitment***" has the meaning specified in Section 2.01.

"***Company***" has the meaning specified in the introductory paragraph hereof.

"***Company Materials***" has the meaning specified in Section 8.02(c).

"***Consolidated***" refers to the consolidation of the accounts of the Company and its Subsidiaries in accordance with GAAP, including principles of consolidation, consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

"***Control***" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "***Controlling***" and "***Controlled***" have meanings correlative thereto.

"***Convert***", "***Conversion***" and "***Converted***" each refers to a conversion of Advances of one Type into Advances of another Type, or the selection of a new, or the renewal of the same, Interest Period for Eurodollar Rate Advances, pursuant to Section 2.09 or 2.10.

"***Credit Parties***" has the meaning specified in the definition of "Defaulting Lender".

"***Current Termination Date***" has the meaning specified in Section 2.16(a).

"***Declining Lender***" has the meaning specified in Section 2.16(a).

"***Default***" means any event or condition that with the giving of any notice, the passage of time, or both, would constitute an Event of Default.

"***Defaulting Lender***" shall mean any Lender, as reasonably determined by the Administrative Agent, that (i) has failed, within three Business Days after the date required to be funded or paid, (A) to fund any portion of its Advances or (B) to pay over to any Lender or the Administrative Agent (collectively, the "***Credit Parties***") any other amount required to be paid by it under this Agreement, unless, in the case of clauses (A) and (B) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (ii) has notified the Company or any Credit Party in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding an Advance cannot be satisfied) or generally under other agreements in which it commits to extend credit, (iii) has failed, within three Business Days after request by the Administrative Agent, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations under the Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to clause (iii) upon such requesting party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (iv) has become the subject of a Bankruptcy Event.

"***Domestic Lending Office***" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule II hereto or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"***Eligible Assignee***" means (i) any other Lender, any Affiliate of a Lender or any Approved Fund and (ii) a Person (other than a natural person) approved by the Administrative Agent and the Company (such consent not to be unreasonably withheld or delayed and, in the case of the Company, such consent shall not be required if a Default or an Event of Default has occurred and is continuing); *provided*, that, in the case of this clause (ii), "Eligible Assignee" shall not include the Company or any of the Company's Affiliates or Subsidiaries.

"***Environmental Laws***" means any federal, state or local laws, ordinances or codes, rules, orders, or regulations relating to pollution or protection of the environment, including, without limitation, laws relating to hazardous substances, laws relating to reclamation of land and waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal,

transport or handling of pollution, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

"***Environmental Liability***" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company or any of its Subsidiaries directly or indirectly resulting from or based upon (i) violation of any Environmental Law, (ii) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (iii) exposure to any Hazardous Materials, (iv) the release or threatened release of any Hazardous Materials into the environment or (v) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"***Eurocurrency Liabilities***" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"***Eurodollar Lending Office***" means, with respect to each Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule II hereto (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Company and the Administrative Agent.

"***Eurodollar Rate***" means, for the Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing an interest rate *per annum* equal to the British Bankers Association LIBOR Rate ("***BBA LIBOR***"), as published by Reuters (or another commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at 11:00 a.m. (London time), two Business Days prior to the commencement of such Interest Period, for dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the "Eurodollar Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in U.S. dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Advance being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"***Eurodollar Rate Advance***" means an Advance that bears interest as provided in Section 2.07(b).

"***Eurodollar Rate Reserve Percentage***" of any Lender for the Interest Period for any Eurodollar Rate Advance means the reserve percentage (expressed as a decimal, carried out to five decimal places) applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

"***Events of Default***" has the meaning assigned to that term in Section 6.01.

"***Exchange Act***" means the Securities Exchange Act of 1934, and the regulations promulgated thereunder, in each case as amended and in effect from time to time.

"***Existing Facility***" refers to the credit agreement listed on Schedule I hereto.

"***Facility Fee***" has the meaning specified in Section 2.03.

"***Federal Funds Rate***" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent for all of its loans on which interest is determined based on the Federal Funds Rate.

"***First Mortgage Bonds***" means those bonds issued by the Company pursuant to the Mortgage.

"***FPSC Order***" means the order by the Florida Public Service Commission that authorizes the Company to execute, deliver and perform this Agreement.

"***Fund***" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"*GAAP*" means, with respect to the covenants contained in Section 5.01 and all defined terms relating thereto, generally accepted accounting principles in the United States of America in effect on the date hereof and consistent with those used in the preparation of the most recent financial statements referred to in Section 4.01(e) and, for

all other purposes under this Agreement, generally accepted accounting principles in the United States of America in effect from time to time.

"***Granting Lender***" has the meaning specified in Section 8.07(i).

"***Guaranty***" of any Person means any obligation, contingent or otherwise, of such Person (i) to pay any Liability of any other Person or to otherwise protect, or having the practical effect of protecting, the holder of any such Liability against loss (whether such obligation arises by virtue of such Person being a partner of a partnership or participant in a joint venture or by agreement to pay, to keep well, to purchase assets, goods, securities or services or to take or pay, or otherwise) or (ii) incurred in connection with the issuance by a third Person of a Guaranty of any Liability of any other Person (whether such obligation arises by agreement to reimburse or indemnify such third Person or otherwise). The word "***Guarantee***" when used as a verb has the correlative meaning.

"***Indebtedness***" of any Person means (i) any obligation of such Person for borrowed money, (ii) any obligation of such Person evidenced by a bond, debenture, note or other similar instrument, (iii) any obligation of such Person to pay the deferred purchase price of property or services, except a trade account payable that arises in the ordinary course of business but only if and so long as the same is payable on customary trade terms or terms consistent with prior practices of the Company prior to the date hereof, (iv) any obligation of such Person as lessee under a capital lease or any Synthetic Lease Obligations, (v) any Mandatorily Redeemable Stock of such Person (the amount of such Mandatorily Redeemable Stock to be determined for this purpose as the higher of the liquidation preference and the amount payable upon redemption of such Mandatorily Redeemable Stock), (vi) any obligation of such Person to purchase securities or other property that arises out of or in connection with the sale of the same or substantially similar securities or property, (vii) any non-contingent obligation of such Person to reimburse any other Person in respect of amounts paid under a letter of credit or other Guaranty issued by such other Person to the extent that such reimbursement obligation remains outstanding after it becomes non-contingent, (viii) any Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a mortgage, lien, pledge, charge or other encumbrance on any asset of such Person, (ix) any Liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA, and (x) any Indebtedness of others Guaranteed by such Person.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly and effectively made non-recourse to such Person. The amount of any capital lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"***Information***" has the meaning specified in Section 8.16.

"***Interest Period***" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Advance or the Conversion of any Advance to such Advance and ending on the last day of the period selected by the Company pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Company pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Company may, in the Notice of Borrowing given by the Company to the Administrative Agent pursuant to Section 2.02, select; *provided, however,* that:

(i) the Company may not select any Interest Period that ends after the Current Termination Date;

(ii) Interest Periods commencing on the same date for Advances comprising the same Borrowing shall be of the same duration; and

(iii) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day; *provided* that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

The Administrative Agent shall promptly advise each Lender by telecopy transmission or cable of each Interest Period so selected by the Company.

"***Lenders***" means the Banks listed on the signature pages hereof and each Eligible Assignee that shall become a party hereto pursuant to Section 8.07.

"***Liability***" of any Person means any indebtedness, liability or obligation of or binding upon, such Person or any of its assets, of any kind, nature or description, direct or indirect, absolute or contingent, due or not due, contractual or tortious, liquidated or unliquidated, whether arising under contract, applicable law, or otherwise, whether now existing or hereafter arising.

"***Majority Lenders***" means at any time Lenders holding more than 50% of the then aggregate unpaid principal amount of the Advances, or, if no such principal amount is then outstanding, Lenders having more than 50% of the Commitments (*provided* that, for purposes hereof, neither the Company, nor any of its Affiliates, if a Lender, shall be included in (i) the Lenders holding such amount of the Advances or having such amount of the Commitments or (ii) determining the aggregate unpaid principal amount of the Advances or the total Commitments).

"***Mandatorily Redeemable Stock***" means, with respect to any Person, any share of such Person's capital stock to the extent that it is (i) redeemable, payable or required to be purchased or otherwise retired or extinguished, or convertible into any Indebtedness or other Liability of such Person, (ii) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (iii) at the option of any Person other than such Person or

(iv) upon the occurrence of a condition not solely within the control of such Person, such as a redemption required to be made out of future earnings or (v) convertible into Mandatorily Redeemable Stock.

"***Moody's***" means Moody's Investors Service, Inc., or any successor thereto.

"***Mortgage***" means the Indenture, dated as of January 1, 1944, between the Company, Guaranty Trust Company of New York and the Florida National Bank of Jacksonville, as modified, amended or supplemented from time to time.

"***Multiemployer Plan***" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA.

"***Notice of Borrowing***" has the meaning specified in Section 2.02(a).

"***Notice of Conversion***" has the meaning specified in Section 2.10.

"***OECD***" means the Organization for Economic Cooperation and Development.

"***Participant***" has the meaning specified in Section 8.07(e).

"***Person***" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a foreign state or political subdivision thereof or any agency of such state or subdivision.

"***Plan***" means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Company or any of its Affiliates and covered by Title IV of ERISA.

"***Platform***" has the meaning specified in Section 8.02(c).

"***Public Lender***" has the meaning specified in Section 8.02(c).

"***Reference Ratings***" means the ratings assigned by S&P and Moody's to the long-term unsecured senior, non-credit enhanced debt of the Company, (or, in the event only one such rating agency assigns a rating to the long-term unsecured senior, non-credit enhanced debt of the Company, the rating assigned by such rating agency), or if both S&P and Moody's do not maintain such ratings, the "issuer ratings" assigned by S&P and Moody's to the Company.

"***Register***" has the meaning specified in Section 8.07(c).

"***Related Parties***" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, advisors and representatives of such Person and of such Person's Affiliates.

"***Responsible Officer***" means the President, any Vice President, the Chief Financial Officer, the Treasurer, the Controller or any Assistant Treasurer of the Company the signatures of whom, in each case, have been certified to the Administrative Agent and each other Lender pursuant to Section 3.01(a)(iii), or in a certificate delivered to the Administrative Agent replacing or amending such certificate. Each Lender may conclusively rely on each certificate so delivered until it shall have received a copy of a certificate from the Secretary or an Assistant Secretary of the Company amending, canceling or replacing such certificate.

"***S&P***" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"***Subsidiary***" means, with respect to any Person, any corporation or unincorporated entity of which more than 50% of the outstanding capital stock (or comparable interest) having ordinary voting power (irrespective of whether at the time capital stock (or comparable interest) of any other class or classes of such corporation or entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by said Person (whether directly or through one or more other Subsidiaries).

"***Synthetic Lease Obligation***" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"***Termination Date***" means, with respect to any Lender, the earlier to occur of (i) October 15, 2013, subject to extension to a later date for such Lender pursuant to Section 2.16, and (ii) the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01.

"***Termination Event***" means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the Pension Benefit Guaranty Corporation under such regulations), or (ii) the withdrawal of the Company or any of its Affiliates from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the Pension Benefit Guaranty Corporation, or (v) any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or any Multiemployer Plan.

"***Total Capitalization***" means the sum of the value of the common stock, retained earnings and preferred and preference stock of the Company (in each case, determined in accordance with GAAP), *plus* Consolidated Indebtedness of the Company.

SECTION 1.02. Interpretive Provisions, Computation of Time Periods.

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any organization document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in this Agreement, shall be construed to refer to this Agreement in its entirety and not to any particular provision thereof, (iv) all references in this Agreement to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

SECTION 1.03. Accounting Terms.

(a) *Generally.* All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time.

(b) *Changes in GAAP.* If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Agreement, and either the Company or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Lenders); *provided* that, until so amended, (i) the Company shall not be required to revise information previously delivered to the Administrative Agent or the Lenders to reflect such change, (ii) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (iii) the Company shall provide going forward to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations.

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances.

Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make Advances to the Company from time to time on any Business Day during the period from the date hereof to but excluding the Termination Date, in an aggregate amount outstanding not to exceed at any time the amount set opposite such Lender's name on Schedule II hereto or, if such Lender has entered into any Assignment and Assumption, set forth for such Lender in the Register maintained by the Administrative Agent pursuant to Section 8.07(c), as such amount may be reduced or increased pursuant to Section 2.04 (such Lender's "***Commitment***"). Each Borrowing shall be in an aggregate amount not less than $10,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Commitments. Until the Termination Date, within the limits of each Lender's Commitment, the Company may from time to time borrow, repay pursuant to Section 2.05 or prepay pursuant to Section 2.11(b) and reborrow under this Section 2.01.

SECTION 2.02. Making the Advances.

(a) Each Borrowing shall be made on notice, given not later than 11:00 a.m. (New York City time) on the day of such proposed Borrowing, in the case of a Borrowing comprised of Base Rate Advances, or on the third Business Day prior to the date of the proposed Borrowing, in the case of a Borrowing comprised of Eurodollar Rate Advances, by the Company to the Administrative Agent, which shall give to each Lender prompt notice thereof by telex, telecopier or cable. Each such notice of a Borrowing (a "***Notice of Borrowing***") shall be by telex, telecopier, cable or e-mail, confirmed promptly in writing (and, in the case of e-mail, confirmed promptly with a signed copy of such notice sent via facsimile to the Administrative Agent), in substantially the form of Exhibit A-1 hereto, specifying therein the requested (i) date of such Borrowing, which date shall be a Business Day, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing comprised of Eurodollar Rate Advances, the Interest Period for each such Advance. In the case of a proposed Borrowing comprised of Eurodollar Rate Advances, the Administrative Agent shall promptly notify each Lender of the applicable interest rate under Section 2.07(b). Each Lender shall, before 1:00 p.m. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Administrative Agent at its address referred to in Section 8.02, in same day funds, such Lender's ratable portion of such Borrowing. After the Administrative Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Administrative Agent will make such funds available to the Company at the Administrative Agent's aforesaid address.

(b) Each Notice of Borrowing shall be irrevocable and binding on the Company and, in respect of any Borrowing comprised of Eurodollar Rate Advances, the Company shall indemnify each Lender against any loss or expense incurred by such Lender solely as a result of any failure by the Company to fulfill on or before the date specified for such Borrowing the applicable conditions set forth in Article III (unless any such condition shall have been waived in accordance with the terms of this Agreement), including, without limitation, any loss (including

loss of anticipated profits) or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Advances (or, in the case of any Borrowing of any Base Rate Advances, prior to 12:00 p.m. (New York City time) on the date of such Advance) that such Lender will not make available to the Administrative Agent such Lender's ratable portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 (or, in the case of a Borrowing of Base Rate Advances, that such Lender has made such portion available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Company on such date a corresponding amount. In such event, if a Lender has not in fact made its portion of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Company severally agree to pay to the Administrative Agent (without duplication) forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Company to but excluding the date of payment to the Administrative Agent, at (x) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (y) in the case of a payment to be made by the Company, the interest rate applicable at such time to the Advances comprising such Borrowing. If the Company and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Company the amount of such interest paid by the Company for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Advance included in such Borrowing. Any payment by the Company shall be without prejudice to any claim the Company may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(d) The obligations of the Lenders hereunder to make Advances and to make payments pursuant to Section 8.04(i) are several and not joint. The failure of any Lender to make the Advance to be made by it as part of any Borrowing or to make any payment under Section 8.04(i) shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, and no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing or to make its payment under Section 8.04(i).

(e) If, for any reason, a Borrowing is not made on the date specified in any Notice of Borrowing, the Administrative Agent hereby agrees to repay to each Lender the amount, if any, which such Lender has made available to the Administrative Agent as such Lender's ratable portion of such Borrowing, without interest.

(f) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Advance in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Advance in any particular place or manner.

SECTION 2.03. Facility Fee.

The Company agrees to pay to the Administrative Agent for the account of each Lender a facility fee (the "***Facility Fee***") on each Lender's Commitment, irrespective of usage, from the date hereof, in the case of each Bank, and from the effective date specified in the Assignment and Assumption pursuant to which it became a Lender, in the case of each other Lender, until the Termination Date, payable quarterly in arrears on the last day of each March, June, September and December during the term of such Lender's Commitment and on the Termination Date, at a rate per annum determined by reference to the ratings assigned to the Reference Ratings as set forth below:

Basis for Facility Fee	**LEVEL 1** If the Reference Ratings are at least A by S&P or at least A2 by Moody's	**LEVEL 2** If the Reference Ratings are lower than Level 1 but at least A- by S&P or at least A3 by Moody's	**LEVEL 3** If the Reference Ratings are lower than Level 2 but at least BBB+ by S&P or at least Baa1 by Moody's	**LEVEL 4** If the Reference Ratings are lower than Level 3 but at least BBB by S&P or at least Baa2 by Moody's	**LEVEL 5** If the Reference Ratings are lower than Level 4 but at least BBB- by S&P or at least Baa3 by Moody's	**LEVEL 6** If the Reference Ratings are lower than Level 5 or do not exist
Facility Fee	0.150%	0.175%	0.225%	0.350%	0.450%	0.600%

The Facility Fee rate will be redetermined on the date of any change in the Reference Ratings. If the Reference Ratings are not comparable (*i.e.*, a "split rating"), and (i) the ratings differential is one category, the higher of such two ratings shall control, unless one of the ratings is below BBB- or Baa3, or (ii) the ratings differential is two or more categories or one of the ratings is below BBB- or Baa3, the rating that is one below the higher of the two ratings shall control.

SECTION 2.04. Changes in the Commitments.

(a) *Reduction or Termination of the Commitments.* The Company shall have the right, upon at least three Business Days' notice to the Administrative Agent, irrevocably and permanently to terminate in whole or reduce ratably in part the respective Commitments of the Lenders; *provided* that (i) any such notice shall be received by the Administrative Agent no later than 11:00 a.m. (New York City time) three Business Days prior to the date of termination or reduction and (ii) the aggregate amount of the Commitments of the Lenders shall not be reduced to an amount which is less than the aggregate principal amount of the Advances then outstanding; and *provided further*, that each partial reduction shall be in the aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Commitments. Once terminated, the Commitments may not be reinstated by the Company. Any reduction of the Commitments shall be applied to the Commitment of each Lender on a pro rata

basis. All fees accrued until the effective date of any termination of the Commitments shall be paid on the effective date of such termination.

(b) *Increase of the Commitments.* (i) From time to time prior to the Termination Date, the Company may increase the aggregate Commitments by an aggregate amount of $250,000,000 (any such increase, a "***Commitment Increase***"), such that the aggregate Commitments are increased to no more than $1,000,000,000 by designating either one or more of the existing Lenders (each of which, in its sole discretion, may determine whether and to what degree to offer to participate in such Commitment Increase) or one or more other banks or other financial institutions reasonably acceptable to the Administrative Agent that at the time agree, in the case of any such bank or financial institution that is an existing Lender to increase its Commitment (an "***Increasing Lender***") and, in the case of any other such bank or financial institution (an "***Additional Lender***"), to become a party to this Agreement. The sum of the increases in the Commitments of the Increasing Lenders pursuant to this subsection (b) plus the Commitments of the Additional Lenders upon giving effect to the Commitment Increase shall not in the aggregate exceed the amount of the Commitment Increase. The Company shall provide prompt notice of any proposed Commitment Increase pursuant to this subsection (b) to the Administrative Agent, which shall promptly provide a copy of such notice to the Lenders.

(ii) Any Commitment Increase shall become effective upon (A) the receipt by the Administrative Agent of (1) an agreement in form and substance satisfactory to the Administrative Agent signed by the Company, each Increasing Lender and each Additional Lender, setting forth the new Commitment of each such Lender and the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof binding upon each Lender, (2) opinions of counsel to the Company substantially in the forms of Exhibits D-3 and D-4 attached hereto upon which each Lender and the Administrative Agent may rely, together with any governmental order referred to therein attached thereto, and (3) a certificate of a duly authorized officer of the Company (the statements contained in which shall be true) to the effect that (x) the representations and warranties contained in Section 4.01 (other than the representation and warranty contained in the last sentence of Section 4.01(e)) are correct on and as of the date of such Commitment Increase before and after giving effect to such Commitment Increase, as though made on and as of the date of such Commitment Increase (unless the same are stated to refer to a specific earlier date, in which case such representation or warranty shall be correct as of such specific earlier date), and (y) no event has occurred and is continuing, or would result from such Commitment Increase, that constitutes a Default or an Event of Default.

(iii) Upon the effective date of any Commitment Increase, each Increasing Lender and each Additional Lender shall provide funds to the Administrative Agent in the manner described in Section 3.03 in an amount equal to the product of (x) the aggregate principal amount of Advances outstanding hereunder, expressed as a percentage of the Total Commitment (calculated, in each case, immediately prior to such Commitment Increase) and (y) the amount of such Lender's Commitment Increase. The funds so provided by any Lender shall be deemed to be an Advance or Advances made by such Lender on the date of such Commitment Increase, with such Advance(s) being (A) in an amount equal to the product of (x) the aggregate outstanding principal amount

of each Advance expressed as a percentage of the Total Commitment (calculated, in each case, immediately prior to such Commitment Increase) and (y) the amount of such Lender's Commitment Increase and (B) of the same Type(s) and having the same Interest Period(s) as each Advance described in the preceding clause (A), such that after giving effect to such Commitment Increase and the Advances(s) made on the date of such Commitment Increase, each Advance outstanding hereunder shall consist of Advances made by the Lenders ratably in accordance with their pro rata shares of the Total Commitment.

(iv) Notwithstanding any provision contained herein to the contrary, from and after the date of any Commitment Increase, all calculations and payments of interest on the Advance comprising any Advances shall take into account the actual Commitment of each Lender and the principal amount outstanding of each Advance made by such Lender during the relevant period of time.

SECTION 2.05. Repayment of Advances.

The Company shall repay the principal amount of each Advance made by each Lender on the Termination Date applicable to such Lender.

SECTION 2.06. Evidence of Indebtedness.

The Advances made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Advances made by the Lenders to the Company and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing under this Agreement or any other document entered into in connection therewith. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Any Lender may request that any Advances made by it be evidenced by one or more promissory notes. In such event, the Company shall prepare, execute and deliver to such Lender one or more notes payable to the order of such Lender (or if requested by such Lender, to such Lender and its assignees) and in substantially the form of Exhibit B hereto. Thereafter, the Advances evidenced by such notes and interest thereon shall at all times (including after assignment pursuant to Section 8.07) be represented by one or more notes in such form payable to the order of the payee named therein.

SECTION 2.07. Interest on Advances.

The Company shall pay interest on the unpaid principal amount of each Advance made by each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates *per annum*:

(a) *Base Rate Advances.* If such Advance is a Base Rate Advance, a rate *per annum* equal at all times to the Alternate Base Rate in effect from time to time, plus the Applicable

Margin for Base Rate Advances, payable quarterly in arrears on the last day of each September, December, March, and June and on the date such Base Rate Advance shall be paid in full.

(b) *Eurodollar Rate Advances.* If such Advance is a Eurodollar Rate Advance, a rate *per annum* equal at all times during the Interest Period for such Advance to the Eurodollar Rate for such Interest Period, *plus* the Applicable Margin for Eurodollar Rate Advances, payable on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day which occurs during such Interest Period every three months from the first day of such Interest Period.

SECTION 2.08. Additional Interest on Eurodollar Rate Advances.

The Company shall pay to each Lender additional interest on the unpaid principal amount of each Eurodollar Rate Advance of such Lender, from the date of such Advance until such principal amount is paid in full, at an interest rate *per annum* equal at all times to the remainder obtained by subtracting (i) the Eurodollar Rate for the Interest Period for such Advance from (ii) the rate obtained by dividing such Eurodollar Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Advance. All claims for such additional interest shall be submitted by such Lender to the Company (with a copy to the Administrative Agent) as soon as is reasonably possible and in all events within ninety days after the first day of such Interest Period; *provided, however,* that if a claim is not submitted to the Company within such ninety day period, such Lender shall thereby waive its claim to such additional interest incurred during such ninety-day period but not to any such additional interest incurred thereafter. A certificate as to the amount of such additional interest, submitted to the Company (with a copy to the Administrative Agent) by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.09. Interest Rate Determination.

(a) The Administrative Agent shall give prompt notice to the Company and the Lenders of the applicable interest rate determined by the Administrative Agent for purposes of Section 2.07(a) or (b).

(b) If, with respect to any Eurodollar Rate Advances, (i) the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Company) that, by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or (ii) the Majority Lenders notify the Administrative Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Majority Lenders of making, funding or maintaining their respective Eurodollar Rate Advances for such Interest Period, the Administrative Agent shall forthwith so notify the Company and the Lenders, whereupon

(i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance, and

(ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Administrative Agent shall notify

the Company and the Lenders that the circumstances causing such suspension no longer exist.

(c) If the Company shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Administrative Agent will forthwith so notify the Company and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances. If an Event of Default shall have occurred and be continuing, each Eurodollar Rate Advance shall automatically Convert into a Base Rate Advance at the end of the Interest Period then in effect for such Eurodollar Rate Advance.

(d) On the date on which the aggregate unpaid principal amount of Advances comprising any Borrowing shall be reduced, by prepayment or otherwise, to less than $20,000,000, such Advances shall, if they are Eurodollar Rate Advances, automatically Convert into Base Rate Advances, and on and after such date the right of the Company to Convert such Advances into Eurodollar Advances shall terminate; *provided, however,* that if and so long as each such Advance shall be of the same Type and have the same Interest Period as Eurodollar Advances comprising another Borrowing or other Borrowings, and the aggregate unpaid principal amount of all Eurodollar Rate Advances shall equal or exceed $20,000,000, the Company shall have the right to continue all such Eurodollar Rate Advances as Advances having such Interest Period.

SECTION 2.10. Voluntary Conversion of Advances.

The Company may, on any Business Day prior to the Termination Date, upon notice given to the Administrative Agent not later than 11:00 a.m. (New York City time) on the third Business Day prior to the date of the proposed Conversion, in the case of any proposed Conversion into Eurodollar Rate Advances, and on the date of the proposed Conversion, which date shall be a Business Day, in the case of any proposed Conversion into Base Rate Advances, and subject to the provisions of Sections 2.09 and 2.13 and so long as no Event of Default has occurred and is continuing on the date of such proposed Conversion, Convert all Advances of one Type comprising the same Borrowing into Advances of another Type; *provided, however*, that any Conversion of any Eurodollar Rate Advances into Base Rate Advances shall be made on, and only on, the last day of an Interest Period for such Eurodollar Rate Advances. Each such notice of a Conversion (a "***Notice of Conversion***") shall be by telex, telecopier, cable or e-mail, confirmed promptly in writing (and, in the case of e-mail, confirmed promptly with a signed copy of such notice sent via facsimile to the Administrative Agent), in substantially the form of Exhibit A-2 hereto and shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the aggregate amount of, Type of, and Interest Periods (if any) applicable to the Advances to be Converted, (iii) the Type of Advance to which such Advances (or portions thereof) are proposed to be Converted, and (iv) if such Conversion is into Eurodollar Rate Advances, the duration of the Interest Period for each such Advance.

SECTION 2.11. Prepayments of Advances.

(a) The Company shall have no right to prepay any principal amount of any Advances other than as provided in subsection (b) below.

(b) The Company may, upon notice given to the Administrative Agent at least two Business Days prior to the proposed prepayment, in the case of any Eurodollar Rate Advance, and on the date of the proposed prepayment, in the case of any Base Rate Advance, and if such notice is given the Company shall, prepay the outstanding principal amounts of the Advances comprising the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the amount prepaid and, in the case of any Eurodollar Rate Advance, any amount payable pursuant to Section 8.04(b); *provided, however,* that each partial prepayment shall be in an aggregate principal amount not less than $5,000,000 and in integral multiples of $1,000,000 in excess thereof.

SECTION 2.12. Increased Costs.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements, in the case of Eurodollar Rate Advances, included in the Eurodollar Rate Reserve Percentage), in or in the interpretation, promulgation or implementation of any law or regulation, or (ii) the compliance with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), including without limitation all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act regardless of the date enacted, adopted or issued, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances, then the Company shall from time to time, no later than five Business Days after demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for account of such Lender additional amounts sufficient to reimburse such Lender for such increased cost. All claims for increased cost shall be submitted by such Lender to the Company (with a copy to the Administrative Agent) as soon as is reasonably possible and the Company shall, subject to subsection (c) of this Section 2.12, make such payment within five Business Days after notice of such claim is received. A certificate as to the amount of such increased cost, submitted to the Company (with a copy to the Administrative Agent) by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Lender determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, and the effect of the foregoing would be to reduce the rate of return on such capital, then, upon demand by such Lender (with a copy of such demand to the Administrative Agent), the Company shall no later than five Business Days thereafter pay to the Administrative Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. For the avoidance of doubt, this Section 2.12(b) shall apply to all requests, rules, guidelines or directives concerning capital adequacy issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements,

the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities, regardless of the date adopted, issued, promulgated or implemented. All claims for such additional amounts shall be submitted by such Lender (with a copy to the Administrative Agent) as soon as is reasonably possible and the Company shall, subject to subsection (c) of this Section 2.12, make such payment within five Business Days after notice of such claim is received. A certificate as to such amounts submitted to the Company and the Administrative Agent by such Lender shall be conclusive and binding for all purposes, absent manifest error.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section 2.12 shall not constitute a waiver of such Lender's right to demand such compensation, *provided* that the Company shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section 2.12 for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the Company of the change in law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the change in law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.13. Illegality.

Notwithstanding any other provision of this Agreement, if any Lender shall notify the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances (i) the obligation of the Lenders to make Eurodollar Rate Advances, or to Convert Advances into Eurodollar Rate Advances, shall be suspended until the Administrative Agent shall notify the Company and the Lenders that the circumstances causing such suspension no longer exist and (ii) the Company shall forthwith prepay in full all Eurodollar Rate Advances of all Lenders then outstanding, together with interest accrued thereon, unless the Company, within five Business Days of notice from the Administrative Agent, Converts all Eurodollar Rate Advances of all Lenders then outstanding into Base Rate Advances in accordance with Section 2.10.

SECTION 2.14. Payments and Computations.

(a) All payments to be made by the Company shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off. The Company shall make each payment hereunder not later than 11:00 a.m. (New York City time) on the day when due in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 in same day funds. The Administrative Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or fees (other than pursuant to Section 2.08, 2.12 or 2.16(b)) ratably to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to Section 8.07(d), from and after the effective date specified in such Assignment and Assumption, the Administrative Agent shall

make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on clause (i) of the definition of "Alternate Base Rate" shall be made by the Administrative Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or on clause (ii) or (iii) of the definition of "Alternate Base Rate" and the Facility Fee shall be made by the Administrative Agent, and all computations of interest pursuant to Section 2.08 shall be made by a Lender, on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period of which such interest or fees are payable. Each determination by the Administrative Agent (or, in the case of Section 2.08, by a Lender) of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) All payments received by the Administrative Agent after 2:00 p.m. (New York City time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be; *provided, however,* that if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Lenders hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Company shall not have so made such payment in full to the Administrative Agent, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender, together with interest thereon for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent at the Federal Funds Rate.

SECTION 2.15. Sharing of Payments, Etc.

(a) If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances made by it (other than pursuant to Section 2.08 or 2.12) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participation in the Advances made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; *provided, however,* that (A) if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the

purchasing Lender the purchase price to the extent of such recovery, together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered and (B) the provisions of this Section 2.15 shall not be construed to apply to (i) any payment made by the Company pursuant to and in accordance with the express terms of this Agreement or (ii) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances to any assignee or participant, other than to the Company or any Subsidiary thereof (as to which the provisions of this Section 2.15 shall apply). The Company consents to the foregoing and agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Company in the amount of such participation.

(b) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.02(a), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent to satisfy such Lender's obligations to it or them under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16. Extension of Termination Date.

(a) So long as no Event of Default shall have occurred and be continuing and the Termination Date shall not have occurred, then at least 30 days but not more than 60 days prior to each of the first and second anniversaries of the date hereof (each, an "***Anniversary Date***"), the Company may request that the Lenders, by written notice to the Administrative Agent (in substantially the form attached hereto as Exhibit F) with a copy to the Arrangers, consent to a one-year extension of the Termination Date. Each Lender shall, in its sole discretion, determine whether to consent to such request and shall notify the Administrative Agent of its determination at least 20 days prior to the applicable Anniversary Date. The failure to respond by any Lender within such time period shall be deemed a denial of such request. The Administrative Agent shall deliver a notice to the Company and the Lenders at least 15 days prior to such Anniversary Date of the identity of the Lenders that have consented to such extension and the Lenders that have declined such consent (the "***Declining Lenders***"). If Lenders holding in the aggregate 50% or less of the Commitments have consented to the requested extension, the Termination Date shall not be extended, and the Commitments of all Lenders shall terminate on the then current Termination Date (the "***Current Termination Date***").

(b) If Lenders holding in the aggregate more than 50% of the Commitments have consented to the requested extension, subject to the conditions set forth in Section 2.16(c), the Termination Date shall be extended as to such consenting Lenders only (and not as to any Declining Lender) for a period of one year following the Current Termination Date. Unless

assigned to another Lender as set forth below, the commitments of the Declining Lenders shall terminate on such Current Termination Date, all Advances of and other amounts payable to such Declining Lenders shall be repaid to them on such Current Termination Date, and such Declining Lenders shall have no further liability as of such Current Termination Date. The Company shall have the right at any time on or before the applicable Anniversary Date to replace each Declining Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Eligible Assignees (each, an "***Additional Commitment Lender***") as provided in Section 8.07(f), each of which Additional Commitment Lenders shall have entered into an Assignment and Acceptance pursuant to which each such Additional Commitment Lender shall, effective as of such Anniversary Date, assume a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date) and accept as such Additional Lender's Termination Date with respect to the Commitment so assumed the latest date to which the Termination Date has been extended pursuant to this Section 2.16.

(c) Any extension of the Termination Date pursuant to this Section 2.16 shall become effective upon the applicable Anniversary Date if the Company shall have delivered to the Administrative Agent and each Lender, on or prior to such Anniversary Date, (i) opinions of counsel to the Company substantially in the forms of Exhibits D-3 and D-4 attached hereto upon which each Lender and the Administrative Agent may rely, together with any governmental order referred to therein attached thereto and (ii) a certificate of a duly authorized officer of the Company (the statements contained in which shall be true) to the effect that (x) the representations and warranties contained in Section 4.01 are correct on and as of such Anniversary Date before and after giving effect to the extension of the Termination Date, as though made on and as of such Anniversary Date (unless the same are stated to refer to a specific earlier date, in which case such representation or warranty shall be correct as of such specific earlier date), and (y) no event has occurred and is continuing, or would result from such extension of the Termination Date, that constitutes an Event of Default or that would constitute an Event of Default but for the requirement that notice be given or time elapse, or both.

(d) Upon the extension of any Termination Date in accordance with this Section 2.16, the Administrative Agent shall deliver to each Lender a revised Schedule II setting forth the Commitment of each Lender after giving effect to such extension, and such Schedule II shall replace the Schedule II in effect before the applicable Anniversary Date.

ARTICLE III
CONDITIONS OF LENDING

SECTION 3.01. Conditions Precedent to Closing.

The Commitments of the Lenders shall not become effective unless and until each of the following conditions precedent has been satisfied by the Company:

(a) the Administrative Agent shall have received the following, each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

(i) Promissory notes, if requested by any Lender pursuant to Section 2.06.

(ii) Certified copies of the resolutions of the Board of Directors of the Company approving this Agreement, and of all documents evidencing other necessary corporate action and governmental approvals, including the FPSC Order, with respect to this Agreement.

(iii) A certificate of the Secretary or an Assistant Secretary of the Company, dated as of the date hereof, certifying the names and true signatures of the officers of the Company authorized to sign this Agreement and the other documents to be delivered hereunder.

(iv) A certificate of a Responsible Officer of the Company, dated as of the date hereof, certifying (i) the accuracy of the representations and warranties contained herein and (ii) that no event has occurred and is continuing which constitutes a Default or an Event of Default.

(v) Certified copies of all required governmental approvals and authorizations.

(vi) Certified copy of the restated charter and bylaws of the Company.

(vii) Evidence satisfactory to the Administrative Agent that (i) the Existing Facility shall have been terminated and all amounts outstanding thereunder shall have been paid in full, and (ii) the commitments under the $1,130,000,000 Credit Agreement, dated as of May 3, 2006, among Progress Energy, Inc. and the lenders and administrative agent parties thereto shall have been reduced to no more than $500,000,000.

(viii) Favorable opinions of counsel for the Company, substantially in the forms of Exhibit D-1 and Exhibit D-2 hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(ix) A favorable opinion of King & Spalding LLP, counsel for the Administrative Agent, substantially in the form of Exhibit E hereto.

(x) Such information as shall be sufficient for the Administrative Agent and each Lender to verify the identity of the Company for purposes of complying with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as contemplated by Section 8.17 hereof.

(b) Any fees required to be paid on or before the Closing Date shall have been paid by the Company.

(c) Unless waived by the Administrative Agent, the Company shall have paid all reasonable out-of-pocket fees, charges and disbursements of counsel to the Administrative Agent in connection with the preparation and negotiation of this Agreement and the other documents to be delivered in connection herewith to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it

through the closing proceedings (*provided* that such estimate shall not thereafter preclude a final settling of accounts between the Company and the Administrative Agent).

Without limiting the generality of the provisions of Section 7.04, for purposes of determining compliance with the conditions specified in this Section 3.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 3.02. Conditions Precedent to Each Borrowing.

The obligation of each Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the further conditions precedent that (i) in the case of the making of an Advance, the Administrative Agent shall have received the written confirmatory Notice of Borrowing with respect thereto, and (ii) on the date of such Borrowing, the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Company of the proceeds of such Borrowing shall constitute a representation and warranty by the Company that, on the date of such Borrowing, such statements are true):

(a) The representations and warranties contained in Section 4.01 (excluding the representation and warranty contained in the last sentence of Section 4.01(e)) are correct in all material respects (unless the same are qualified by materiality, in which case the same shall be correct in all respects) on and as of the date of such Borrowing, or, if any such representation or warranty is expressly stated to have been made as of a specific date as of such specific date, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(b) No event has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Company.

The Company represents and warrants as follows:

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida.

(b) The execution, delivery and performance by the Company of this Agreement are within the Company's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Company's charter or bylaws, (ii) any law or (iii) any contractual restriction binding on or affecting the Company to the extent the contravention of such contractual restriction would reasonably be expected to have a material adverse effect on

the financial condition, operations or properties of the Company and its Subsidiaries, taken as a whole.

(c) No authorization or approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery and performance by the Company of this Agreement, other than the FPSC Order, which has been duly issued, is final and in full force and effect.

(d) This Agreement is the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, reorganization or similar laws or equitable principles relating to creditors' rights generally.

(e) The Consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2009 and June 30, 2010, and the related Consolidated statements of income and retained earnings of the Company and its Subsidiaries for the fiscal year and six-months, respectively, then ended, copies of which have been furnished to each Lender, fairly present the financial condition of the Company and its Subsidiaries as at such date and the results of the operations of the Company and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied, subject, in the case of such interim financial statements, to year-end adjustments. Since December 31, 2009, there has been no material adverse change in the financial condition, operations or properties of the Company and its Subsidiaries, taken as a whole.

(f) Except as described in the reports and registration statements which the Company has filed with the Securities and Exchange Commission prior to the date of this Agreement, there is no pending or threatened action or proceeding affecting the Company or any Subsidiary of the Company before any court, governmental agency or arbitrator, which would reasonably be expected to have a material adverse effect on the financial condition, operations or properties of the Company or its Subsidiaries, taken as a whole.

(g) No proceeds of any Advance will be used to acquire any security in any transaction which is subject to Sections 12, 13 and 14 of the Securities Exchange Act of 1934.

(h) The Company is not engaged in the business of extending credit for the purpose of buying or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to buy or carry any margin stock or to extend credit to others for the purpose of buying or carrying any margin stock.

(i) Following application of the proceeds of each Advance, not more than 5 percent of the value of the assets (either of the Company only or of the Company and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 5.02(a) or 5.02(e) will be margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(j) No Termination Event has occurred or is reasonably expected to occur with respect to any Plan or any Multiemployer Plan.

(k) The Company is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(l) The Company is in compliance with all applicable laws, rules, regulations and orders of any governmental authority, such compliance to include, without limitation, compliance with ERISA and Environmental Laws and paying before the same become delinquent all material taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent compliance with any of the foregoing is then being contested in good faith by appropriate legal proceedings and for which adequate reserves are made in accordance with GAAP, and except to the extent noncompliance, if any, would not have or result in a material adverse effect on the financial condition, operations or properties of the Company or its Subsidiaries, taken as a whole.

(m) All written information other than the Projections (as defined below) furnished by the Company to the Administrative Agent and the Lenders in connection with this Agreement, taken as a whole, is (and all such information furnished in the future by the Company to the Administrative Agent and the Lenders will be) complete and correct in all material respects and does not (and will not) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made. All financial projections, if any, that have been or will be furnished by the Company to the Administrative Agent and the Lenders in connection with this Agreement (the "***Projections***") have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such Projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, and that no assurance can be given that the Projections will be realized).

ARTICLE V
COVENANTS OF THE COMPANY

SECTION 5.01. Affirmative Covenants.

So long as any Advances shall remain unpaid or any Lender shall have any Commitment hereunder, the Company shall, unless the Majority Lenders shall otherwise consent in writing:

(a) *Compliance with Laws, Etc.* Except to the extent contested in good faith, comply, and cause each Subsidiary of the Company to comply, with all applicable laws (including ERISA and applicable Environmental Laws), rules, regulations and orders (such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property), the non-compliance with which would reasonably be expected to have a material adverse effect on the financial condition, operations or properties of the Company or its Subsidiaries, taken as a whole.

(b) *Preservation of Corporate Existence, Etc.* Preserve and maintain its corporate existence, and preserve and maintain its rights, privileges and franchises material to the normal conduct of its business.

(c) *Visitation Rights.* At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Company and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Company and any of its Subsidiaries with any of their respective officers or directors.

(d) *Keeping of Books.* Keep, and cause each Subsidiary of the Company to keep, proper books of record and account, in which entries shall be made of all financial transactions and the assets and business of the Company and such Subsidiary in accordance with GAAP.

(e) *Maintenance of Properties, Etc.* Maintain and preserve, and cause each Subsidiary of the Company to maintain and preserve, all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(f) *Maintenance of Insurance.* Maintain, and cause each Subsidiary of the Company to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or such Subsidiary operates.

(g) *Taxes.* File, and cause each Subsidiary of the Company to file, all tax returns (federal, state and local) required to be filed and paid and pay all taxes shown thereon to be due, including interest and penalties, or provide adequate reserves for payment thereof other than such taxes that the Company or such Subsidiary is contesting in good faith by appropriate legal proceedings and for which adequate reserves are made in accordance with GAAP.

(h) *Material Obligations.* Pay, and cause each Subsidiary of the Company to pay, promptly as the same shall become due each material obligation of the Company or such Subsidiary, other than such obligations that the Company or such Subsidiary is contesting in good faith by appropriate legal proceedings and for which adequate reserves are made in accordance with GAAP.

(i) *Reporting Requirements.* Furnish to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, a Consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter and Consolidated statements of income and retained earnings of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the treasurer or the chief financial officer of the Company, together with a certificate of the treasurer or chief financial officer of the Company, setting forth in reasonable detail the calculations of the Company's compliance with Section 5.01(j) and stating that no Default or Event of Default has occurred and is continuing, or if a Default or an Event of Default has occurred and is continuing, a statement setting forth

details of such Event of Default or event and the action that the Company has taken and proposes to take with respect thereto;

(ii) as soon as available and in any event within 100 days after the end of each fiscal year of the Company, a copy of the annual report for such year for the Company and its Subsidiaries, containing Consolidated financial statements for such year audited and certified by Deloitte & Touche or other independent public accountants acceptable to the Majority Lenders, together with a certificate of the treasurer or chief financial officer of the Company, setting forth in reasonable detail the calculations of the Company's compliance with Section 5.01(j) and stating that no Default or Event of Default has occurred and is continuing, or if a Default or an Event of Default, a statement setting forth details of such Default or Event of Default or event and the action that the Company has taken and proposes to take with respect thereto;

(iii) promptly after the sending or filing thereof, copies of all reports which the Company sends to any of its security holders, and copies of all reports and registration statements which the Company or any Subsidiary of the Company files with the Securities and Exchange Commission or any national securities exchange to the extent not delivered by the Company pursuant to clause (i) or (ii) of this Section 5.01(i);

(iv) promptly after and in any event within five days after any Responsible Officer's obtaining knowledge of the occurrence of any Default or Event of Default, a statement of the chief financial officer or treasurer of the Company setting forth details of such Default or Event of Default or event and the action which the Company proposes to take with respect thereto;

(v) promptly after and in any event within five days after any Responsible Officer's obtaining knowledge thereof, notice of any change in any Reference Rating;

(vi) as soon as possible and in any event within five days after the commencement thereof or any adverse determination or development therein, notice of all actions, suits and proceedings that may adversely affect the Company's ability to perform its obligations under this Agreement;

(vii) as soon as possible and in any event within five days after the occurrence of a Termination Event, notice of such Termination Event; and

(viii) such other information respecting the financial condition, operations or properties of the Company and its Subsidiaries, taken as a whole, as any Lender through the Administrative Agent may from time to time reasonably request.

(j) *Indebtedness to Total Capitalization.* Maintain at all times a ratio of Consolidated Indebtedness of the Company and its Subsidiaries to Total Capitalization of not more than 0.65:1.0.

(k) *Use of Proceeds.* Use the proceeds of each Advance solely for general corporate purposes (including, without limitation, as a commercial paper back-up). No proceeds of any Advance will be used to acquire any equity security of a class that is registered pursuant to

Section 12 of the Exchange Act or any security in any transaction that is subject to Sections 13 or 14 of the Exchange Act.

SECTION 5.02. Negative Covenants.

So long as any Advances shall remain unpaid or any Lender shall have any Commitment hereunder, the Company will not, without the written consent of the Majority Lenders:

(a) *Liens, Etc.* Create, incur, assume or suffer to exist, or permit any Subsidiary of the Company to create, incur, assume or suffer to exist, any lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any Subsidiary of the Company to assign, any right to receive income, in each case to secure any Indebtedness of any Person, other than (i) liens, mortgages and security interests created by the Mortgage, (ii) liens and security interests affecting the fuel used by the Company in its power generating operations and (iii) liens, mortgages and security interests securing other Indebtedness not exceeding $100,000,000; *provided, however,* that, in the event that and for so long as the First Mortgage Bonds are rated lower than BBB- or Baa3 by S&P or Moody's, respectively, or, in the event that neither of such credit rating agencies is in the business of rating the First Mortgage Bonds, lower than an equivalent rating of the First Mortgage Bonds by another nationally-recognized credit rating agency of similar standing, the Company's right to continue to create, incur and suffer to exist liens, mortgages and security interests securing other Indebtedness pursuant to the foregoing clause (iii) shall be suspended.

(b) *Indebtedness.* Create, incur, assume or suffer to exist, or permit any Subsidiary of the Company to create, incur, assume or suffer to exist, any Indebtedness other than (i) Indebtedness hereunder, (ii) Indebtedness secured by liens and security interests permitted pursuant to clauses (ii) and (iii) of Section 5.02(a), (iii) Indebtedness evidenced by the First Mortgage Bonds and (iv) unsecured Indebtedness, including Guarantees issued in connection with the financing of pollution control facilities operated by the Company, Guarantees of Indebtedness incurred by any wholly-owned Subsidiary of the Company and Guarantees of debt securities issued by any financing Subsidiary of the Company established to secure debt financing in the offshore markets.

(c) *Lease Obligations.* Create, incur, assume or suffer to exist, or permit any Subsidiary of the Company to create, incur, assume or suffer to exist, any obligations for the payment of rental for any property under leases or agreements to lease having a term of one year or more which would cause the direct or contingent Consolidated liabilities of the Company and its Subsidiaries in respect of all such obligations payable in any calendar year to exceed 10% of the Consolidated operating revenues of the Company and its Subsidiaries for the immediately preceding calendar year.

(d) *Mergers, Etc.* Merge with or into or consolidate with or into, or acquire all or substantially all of the assets or securities of, any Person, unless, in each case, (i) immediately after giving effect thereto, no event shall occur and be continuing which constitutes a Default or an Event of Default, and (ii) in the case of any such merger to which the Company is a party, such other Person is a utility company and the resulting or surviving corporation, if not the Company, (x) is organized and existing under the laws of the United States of America or any

State thereof, (y) is a corporation satisfactory to the Majority Lenders, and (z) shall have expressly assumed, by an instrument satisfactory in form and substance to the Majority Lenders, the due and punctual payment of all amounts due under this Agreement and the performance of every covenant and undertaking of the Company contained in this Agreement.

(e) *Sales, Etc. of Assets.* Sell, lease, transfer or otherwise dispose of, or permit any Subsidiary of the Company to sell, lease, transfer or otherwise dispose of, any of its assets, other than the following sales: (i) sales of generating capacity to the Company's wholesale customers, (ii) sales of nuclear fuel, (iii) sales of accounts receivable, (iv) sales in connection with a transaction authorized by subsection (d) of this Section, (v) sales of investments in securities with a maturity of less than one year, or (vi) other sales not exceeding $250,000,000 in the aggregate in any fiscal year of the Company.

(f) *Line of Business.* Engage in any business other than businesses of the type conducted by the Company and its Subsidiaries on the date hereof and businesses reasonably related thereto.

(g) *Margin Stock.* Use any proceeds of any Advance to buy or carry margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

ARTICLE VI
EVENTS OF DEFAULT

SECTION 6.01. Events of Default.

If any of the following events (***"Events of Default"***) shall occur and be continuing:

(a) The Company shall fail to pay any principal of any Advance when due, or shall fail to pay any interest on any Advance or any fees or other amounts payable hereunder within five Business Days after such interest or fees or other amounts shall become due; or

(b) Any representation or warranty made by the Company herein or by the Company (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) The Company shall fail to perform or observe any other term, covenant or agreement contained in Sections 5.01(b), 5.01(i)(iv), 5.01(j) or 5.02 on its part to be performed or observed; or the Company shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed and any such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Administrative Agent or any Lender; or

(d) The Company or any of its Subsidiaries shall fail to pay any amount in respect of any Indebtedness in excess of $35,000,000 (but excluding Indebtedness hereunder) of the Company or such Subsidiary (as the case may be), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or

instrument relating to such Indebtedness; or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(e) The Company or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company or any of its Subsidiaries, and in the case of an involuntary proceeding, shall remain undismissed or unstayed for a period of 60 days, seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property; or the Company or any of its Subsidiaries shall take any action indicating its approval of, consent to or acquiescence in any of the actions set forth above in this subsection (e); or

(f) Any judgment or order for the payment of money in excess of $50,000,000 shall be rendered against the Company or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) Any Termination Event with respect to a Plan shall have occurred, and, 30 days after notice thereof shall have been given to the Company by the Administrative Agent, (i) such Termination Event (if correctable) shall not have been corrected and (ii) the then present value of such Plan's vested benefits exceeds the then current value of assets accumulated in such Plan by more than the amount of $35,000,000 (or in the case of a Termination Event involving the withdrawal of a "substantial employer" (as defined in Section 4001(a)(2) of ERISA), the withdrawing employer's proportionate share of such excess shall exceed such amount); or

(h) The Company or any of its Affiliates as employer under a Multiemployer Plan shall have made a complete or partial withdrawal from such Multiemployer Plan and the plan sponsor of such Multiemployer Plan shall have notified such withdrawing employer that such employer has incurred a withdrawal liability in an annual amount exceeding $35,000,000; or

(i) A Change of Control shall occur;

then, and in any such event, the Administrative Agent shall at the request, or may with the consent, of the Majority Lenders, by notice to the Company, (i) declare the Commitments and the obligation of each Lender to make Advances to be terminated, whereupon the same shall forthwith terminate, and (ii) declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without

presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company; *provided, however,* that in the event of an actual or deemed entry of an order for relief with respect to the Company or any of its Subsidiaries under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Company.

ARTICLE VII
THE ADMINISTRATIVE AGENT

SECTION 7.01. Appointment and Authority.

Each of the Lenders hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article VII are solely for the benefit of the Administrative Agent and the Lenders, and the Company shall not have rights as a third party beneficiary of any of such provisions.

SECTION 7.02. Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 7.03. Exculpatory Provisions.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to this Agreement or applicable law; and

(c) shall not, except as expressly set forth herein, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 8.01 and 6.02(i)) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent by the Company or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

SECTION 7.04. Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of an Advance that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Advance. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 7.05. Delegation of Duties.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article VII shall apply to any such sub-agent and to the Related

Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

SECTION 7.06. Resignation of Administrative Agent.

The Administrative Agent may at any time give notice of its resignation to the Lenders and the Company. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, in consultation with the Company, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that if the Administrative Agent shall notify the Company and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent as provided for above in this Section 7.06. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder (if not already discharged therefrom as provided above in this Section 7.06). The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring Administrative Agent's resignation hereunder, the provisions of this Article VII and Section 8.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

SECTION 7.07. Non-Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

SECTION 7.08. No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Persons listed on the cover page hereof as a "Syndication Agent" or

a "Joint Lead Arranger" shall have any powers, duties or responsibilities under this Agreement, except in its capacity, if applicable, as a Lender hereunder.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01. Amendments, Etc.

No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing and signed by the Majority Lenders and the Company and acknowledged by the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following: (a) waive any of the conditions specified in Section 3.01 or 3.02, (b) change the Commitment of any Lender or subject any Lender to any additional obligations (other than pursuant to Section 2.04 or 2.16), (c) reduce the principal of, or interest on, the Advances or any fees or other amount payable hereunder, (d) postpone any date fixed by this Agreement for any payment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any fees hereunder (other than pursuant to Section 2.16), (e) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Advances, or the number of Lenders, that shall be required for the Lenders or any of them to take any action under this Agreement, (f) change Section 2.15 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender, and (g) amend, waive, or in any way modify or suspend any provision of this Section 8.01 or clause (ii) of Section 8.18; and *provided, further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required hereinabove to take such action, affect the rights or duties of the Administrative Agent under this Agreement and (ii) Section 8.07(i) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Advances are being funded by a special purpose funding vehicle (an "***SPC***") at the time of such amendment, waiver or other modification.

SECTION 8.02. Notices, Etc.

(a) *Notices Generally.* All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telegraphic communication) and mailed, telecopied, delivered or, in the case of the Company, e-mailed,

(i) if to the Company, at its address at 410 S. Wilmington Street, PEB 19A3, Raleigh, North Carolina 27601, Attention: Assistant Treasurer, Treasury Department, Facsimile No.: (919) 546-7826, e-mail: thomas.moses@pgnmail.com;

(ii) if to any Lender, at its Domestic Lending Office set forth opposite its name on Schedule II hereto;

(iii) if to the Administrative Agent, at the addresses set forth below:

(A) for Payment and Requests for Credit Extensions:

Bank of America, N.A.
901 Main Street
Mail Code: TX1-492-14-14
Dallas, TX 75202-3714
Attention: Keli Torres
Telephone: (214) 209-1864. ext. 51864
Telecopier: (214) 290-8375
e-mail: keli.torres@baml.com
Account No.: 1292000883
Ref.: Florida Power Corp. d/b/a/ Progress Energy Florida
ABA#: 026009593

(B) for Other Notices as Administrative Agent:

Bank of America, N.A.
Agency Management
100 S. Tryon St.
Mail Code: NC1-002-15-36
Charlotte, NC 28255
Attention: Maria A. McClain
Telephone: (980) 388-1935
Telecopier: (704) 409-0913
e-mail: maria.a.mcclain@baml.com; or

(iv) as to each party, at such other address as shall be designated by such party in a written notice to the other parties in accordance with subsection (d) of this Section 8.02.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) *Electronic Communications.*

(i) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

(ii) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(iii) Documents required to be delivered pursuant to Section 5.01(i), (ii), (iii) or (viii) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet at the website address set forth in Section 8.02; or (ii) on which such documents are posted on the Company's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (i) the Company shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Company shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

(c) *The Platform.* The Company hereby acknowledges that (i) the Administrative Agent and/or the Arrangers will make available to the Lenders materials and/or information

provided by or on behalf of the Company hereunder (collectively, "***Company Materials***") by posting the Company Materials on IntraLinks or another similar electronic system (the "***Platform***") and (ii) certain of the Lenders may be "public-side" Lenders (*i.e.,* Lenders that do not wish to receive material non-public information with respect to the Company or its securities) (each, a "***Public Lender***"). The Company hereby agrees that so long as the Company is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities (A) all Company Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (B) by marking Company Materials "PUBLIC", the Company shall be deemed to have authorized the Administrative Agent, the Arrangers and the Lenders to treat such Company Materials as not containing any material non-public information with respect to the Company or its securities for purposes of United States Federal and state securities laws (*provided, however*, that to the extent such Company Materials constitute Information, they shall be treated as set forth in Section 8.15); (C) all Company Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (D) the Administrative Agent and the Arrangers shall be entitled to treat any Company Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the Company shall be under no obligation to mark any Company Materials "PUBLIC".

THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE ADMINISTRATIVE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMPANY MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE COMPANY MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE COMPANY MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "***Agent Parties***") have any liability to the Company, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Company's or the Administrative Agent's transmission of Company Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided, however*, that in no event shall any Agent Party have any liability to the Company, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) *Change of Address, Etc.* Each of the Company and the Administrative Agent may change its address, telecopier, telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier, telephone number or e-mail address for notices and other communications hereunder by notice to the Company and the Administrative Agent. In addition, each Lender

agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(e) *Reliance by Administrative Agent and Lenders.* The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Notices of Borrowings) purportedly given by or on behalf of the Company even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Company shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Company, except to the extent of such Person's gross negligence or willful misconduct. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

SECTION 8.03. No Waiver; Remedies.

No failure on the part of any Lender or the Administrative Agent to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 8.04. Costs, Expenses and Taxes.

(a) The Company agrees to pay on demand all reasonable out-of-pocket costs and expenses of (i) the Administrative Agent and its Affiliates in connection with the syndication of the credit facility provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other documents to be delivered hereunder, the first Borrowing under this Agreement and any modification, amendment or waiver of any provisions of, or supplement to, this Agreement and the other documents to be delivered hereunder (whether or not the transaction contemplated hereby or thereby shall be consummated) and (ii) the Lenders and the Administrative Agent in connection with the enforcement or protection of the rights and remedies of the Lenders and the Administrative Agent under this Agreement and the other documents to be delivered hereunder (whether through negotiations or legal proceedings), including its rights under this Section 8.04 or in connection with the Advances made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiation in respect of such Advances, all the above costs and expenses to include, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and each of the Lenders with respect thereto. In addition, the Company shall pay any and all imposed stamp and other taxes payable or determined to be payable in connection with the execution and delivery of this Agreement and the other documents to be delivered hereunder, and agrees to save the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes.

(b) If, due to payments made by the Company due to acceleration of the maturity of the Advances pursuant to Section 6.01, or due to any other reason, any Lender receives payments of principal of any Eurodollar Rate Advance based upon the Eurodollar Rate other than on the last day of the Interest Period for such Advance, the Company shall, upon demand by such Lender (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses which it may reasonably incur as a result of such payment, including, without limitation, any loss (including loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(c) Any and all payments by or on account of any obligation of the Company hereunder shall be made, in accordance with Section 2.14, free and clear of and without deduction or withholding for any and all present or future taxes, levies, imposts, duties, deductions, assessments, fees or other charges or withholdings, and all liabilities with respect thereto, *excluding*, in the case of each Lender and the Administrative Agent, taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "***Taxes***"). If the Company shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8.04) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Company shall make such deductions and (iii) the Company shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(d) The Company will indemnify each Lender and the Administrative Agent for the full amount of Taxes (including, without limitation, any Taxes imposed by any jurisdiction on amounts payable under this Section 8.04) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted. This indemnification shall be made within 10 days from the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor. A certificate as to the amount of such payment or liability delivered to the Company by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. As soon as practicable after any payment of Taxes by the Company to the relevant taxation authority or other authority, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Prior to the date of the initial Borrowing or on the date of the Assignment and Assumption pursuant to which it became a Lender, in the case of each Lender that becomes a Lender by virtue of entering into an Assignment and Assumption, and from time to time thereafter if requested by the Company or the Administrative Agent, each Lender organized under the laws of a jurisdiction outside the United States shall provide the Administrative Agent and the Company with the forms prescribed by the Internal Revenue Service of the United States certifying that such Lender is exempt from United States withholding taxes with respect to all payments to be made to such Lender hereunder. If for any reason during the term of this Agreement, any Lender becomes unable to submit the forms referred to above or the information or representations contained therein are no longer accurate in any material respect, such Lender shall notify the Administrative Agent and the Company in writing to that effect. Unless the Company and the Administrative Agent have received forms or other documents satisfactory to them indicating that payment hereunder are not subject to United States withholding tax, the Company or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States.

(f) Any Lender claiming any additional amounts payable pursuant to 2.12 or Section 8.04(c) or (d) or who gives a notice pursuant to Section 2.13 shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) (i) to change the jurisdiction of its Applicable Lending Office if, in the judgment of such Lender, the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts which may thereafter accrue pursuant to Section 2.12 or Section 8.04(c) or (d), or eliminate the need for the notice pursuant to Section 2.13, and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender and (ii) to otherwise minimize the amounts due, or to become due, under Sections 8.04(c) and (d). The Company hereby agrees to pay all reasonable out-of-pocket costs and expenses incurred by any Lender in connection with any such change in jurisdiction.

(g) If the Company makes any additional payment to any Lender pursuant to Section 8.04(c) or (d) in respect of any Taxes, and such Lender determines that it has received (i) a refund of such Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge solely as a result of any deduction or credit for any Taxes with respect to which it has received payments under Sections 8.04(c) and (d), such Lender shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to the Company such amount as such Lender shall have determined to be attributable to the deduction or withholding of such Taxes. If such Lender later determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 8.04(g), the Company shall upon demand of such Lender promptly repay the amount of such overpayment. Any determination made by such Lender pursuant to this Section 8.04(g) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 8.04(g) shall be construed as requiring any Lender to conduct its business or to arrange or alter in any respect its tax or financial affairs so that it is entitled to receive such a refund, credit or reduction or as allowing any Person to inspect any records, including tax returns, of any Lender.

(h) The Company hereby agrees to indemnify and hold harmless each Lender, the Administrative Agent (and any sub-agent thereof), counsel to the Administrative Agent and each Related Party of any of the foregoing Persons (each, an "***Indemnified Person***") from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable out-of-pocket attorney's fees and expenses, whether or not such Indemnified Person is named as a party to any proceeding or is otherwise subjected to judicial or legal process arising from any such proceeding), joint and several, that may actually be incurred by or asserted or awarded against any Indemnified Person (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith) in each case by reason of or in connection with (i) the execution, delivery, or performance of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other documents delivered in connection therewith, (ii) any Advance or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials in violation of applicable Environmental Laws on or from any property owned or operated by the Company or any of its Subsidiaries, or any Environmental Liability related in any way to the Company or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company, and regardless of whether any Indemnified Person is a party thereto, *provided* that such indemnity shall not, as to any Indemnified Person, be available to the extent that such claims, damages, losses, liabilities, costs or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnified Person.

(i) To the extent that the Company for any reason fails to pay any amount required under subsection (a) or (h) of this Section 8.04 to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's ratable portion (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (i) are subject to the provisions of Section 2.02(d).

(j) To the fullest extent permitted by applicable law, the Company shall not assert, and hereby waives, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof. No Indemnified Person referred to in subsection (h) above shall be liable for any damages arising from the use by unintended recipients of any information

or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the transactions contemplated hereby.

(k) Without prejudice to the survival of any other agreement of the Company hereunder, the agreements and obligations of the Company contained in this Section 8.04 shall survive the resignation of the Administrative Agent, the replacement of any Lender, the payment, satisfaction or discharge in full of principal and interest hereunder and the termination of Commitments.

SECTION 8.05. Right of Set-off.

Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Administrative Agent to declare the Advances due and payable pursuant to the provisions of Section 6.01, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Company now or hereafter existing under this Agreement, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured; *provided*, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.15(b) and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender agrees promptly to notify the Company after any such set-off and application made by such Lender; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

SECTION 8.06. Binding Effect; No Advisory or Fiduciary Relationship.

(a) This Agreement shall become effective when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have been notified by each Lender that such Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Company, the Administrative Agent and each Lender and their respective successors and assigns, except that the Company shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (a) of Section 8.07, (ii) by way of participation in accordance with the provisions of subsection (e) of Section 8.07, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (h) of Section 8.07, or (iv) to an SPC in accordance with the provisions of subsection (i) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors

and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or any other Loan Document), the Company acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Credit Parties are arm's-length commercial transactions between the Company and its Affiliates, on the one hand, and the Credit Parties, on the other hand, (B) the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Company is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby; (ii) (A) each Credit Party is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Company or any of its Affiliates, or any other Person and (B) no Credit Party has any obligation to the Company or any of it Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein; and (iii) the Credit Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and its Affiliates, and no Credit Party has any obligation to disclose any of such interests to the Company or its Affiliates. To the fullest extent permitted by law, the Company hereby waives and releases any claims that it may have against any of the Credit Parties with respect to any breach or alleged breach of agency or fiduciary duty and agrees that the Credit Parties will have no liability (whether direct or indirect) to it in respect of such a fiduciary duty claim or to any Person asserting a fiduciary duty claim on the Company's behalf, including the Company's equity holders, employees or creditors, in connection with any aspect of any transaction contemplated hereby. For purposes of this Section, "Loan Documents" means any promissory note, if any, delivered to any Lender pursuant to Section 2.06 hereof and any fee letter between the Company and any of the Credit Parties or their Affiliates executed in connection with the preparation and delivery of this Agreement.

SECTION 8.07. Assignments and Participations.

(a) Each Lender may (i) with notice to the Company and to the Administrative Agent, assign to any other Lender, any Affiliate of a Lender or any Approved Fund all or a portion of its rights and obligations under this Agreement, and (ii) with the consent of the Administrative Agent and the Company (such consent not to be unreasonably withheld or delayed and, in the case of the Company, (x) the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice of such proposed assignment and (y) such consent shall not be required if a Default or an Event of Default has occurred and is continuing), assign to one or more other Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); *provided, however*, that (A) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Advances at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund

with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Advances outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Advances of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided, however,* that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met, (B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Advances or the Commitment assigned, (C) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Assumption substantially in the form of Exhibit C hereto and (C) such parties shall also deliver to the Administrative Agent a processing and recordation fee in the amount of $3,500, and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; *provided, however*, no such assignment shall be made to any Defaulting Lender or any of its Subsidiaries, or any Person, who upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Assumption, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.12, and 8.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Company (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(b) By executing and delivering an Assignment and Assumption, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company, any of its Subsidiaries or Affiliates or any Person obligated in respect

of this Agreement or the performance or observance by the Company of any of its obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(i)(ii) and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; and (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Company, shall maintain at its address referred to in Section 8.02 a copy of each Assignment and Assumption (and copies of the related consents of the Company and the Administrative Agent to such assignment) delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "***Register***"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement notwithstanding notice to the contrary. The Register shall be available for inspection by the Company or any Lender at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to this Agreement is pending, any Lender may request and receive from the Administrative Agent a copy of the Register.

(d) Upon its receipt of an Assignment and Assumption executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Administrative Agent shall, if such Assignment and Assumption has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Company.

(e) Each Lender may at any time, without the consent of, or notice to, the Company or the Administrative Agent, sell participations to any Person (other than a natural person or the Company or any of the Company's Affiliates or Subsidiaries) (each, a "***Participant***") in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and/or the Advances owing to it); *provided, however,* that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Company hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Advances for all purposes of this Agreement, (iv) the Company, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and (v) any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such

agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 8.01 that affects such Participant. Without limiting the generality of the foregoing: (i) such participating banks or other entities shall be entitled to the cost protection provisions contained in Sections 2.08, 2.12, 8.04(b) and 8.04(c) only if, and to the same extent, the Lender from which such participating banks or other entities acquired its participation would, at the time, be entitled to claim thereunder, unless the sale of the participation to such Participant is made with Company's prior written consent; and (ii) such participating banks or other entities shall also, to the fullest extent permitted by law, be entitled to exercise the rights of set-off contained in Section 8.05 as if such participating banks or other entities were Lenders hereunder, *provided*, such Participant agrees to be subject to Section 2.14 as though it were a Lender.

(f) If (w) any Lender shall be a Declining Lender, (x) any Lender or any Participant shall make any demand for payment under Section 2.12, (y) the Company is required to pay any additional amount to any Lender or governmental authority for the account of any Lender pursuant to Section 8.04(c) or (d) or (z) any Lender shall be a Defaulting Lender, then within the time period specified in Section 2.16(b) (in the case of clause (w)) or within 30 days after such demand for any such payment, if, but only if, such demanded payment has been made by the Company (in the case of clause (x) or (y)), or at any time (in the case of clause (z)) (as applicable), the Company may, at its sole expense and effort, upon notice to such Lender and with the approval of the Administrative Agent (which approval shall not be unreasonably withheld or delayed), demand that such Lender assign in accordance with and subject to the restrictions contained in, and consents required by, this Section 8.07 to one or more Eligible Assignees designated by the Company all (but not less than all) of such Lender's Commitment (if any) and the Advances owing to it no later than the applicable Anniversary Date or within the period ending on the later to occur of such 30th day and the last day of the longest of the then current Interest Periods for such Advances (as applicable), *provided* that (i) no Default or Event of Default shall then have occurred and be continuing; (ii) the Company shall have paid to the Administrative Agent the assignment fee specified in Section 8.07(a); (iii) such Lender shall have received payment of an amount equal to the outstanding principal of its Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 8.04(b) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company (in the case of all other amounts); (iv) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 8.04(c) or (d), such assignment will result in a reduction in such compensation or payments thereafter; (v) in the case of any such assignment by a Declining Lender, such Declining Lender shall have consented to such assignment, and (vi) such assignment does not conflict with applicable laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

(g) Subject to Section 8.16, any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Company furnished to such Lender by or on behalf of the Company.

(h) Anything in this Section 8.07 to the contrary notwithstanding, any Lender may assign and pledge all or any portion of its Commitment and the Advances owing to it to any Federal Reserve Bank (and its transferees) as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "***Granting Lender***") may grant to an SPC of such Granting Lender identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Company, the option to provide to the Company all or any part of any Advance that such Granting Lender would otherwise be obligated to make to the Company pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any such SPC to make any Advance, (ii) if such SPC elects not to exercise such option or otherwise fails to provide all or any part of such Advance, the Granting Lender shall be obligated to make such Advance pursuant to the terms hereof or, if it fails to do so, to make such payment to the Administrative Agent as is required under Section 2.12(b)(i) and (iii) no SPC or Granting Lender shall be entitled to receive any greater amount pursuant to Section 2.08 or 2.12 than the Granting Lender would have been entitled to receive had the Granting Lender not otherwise granted such SPC the option to provide any Advance to the Company. The making of an Advance by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Advance were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would otherwise be liable so long as, and to the extent that, the related Granting Lender provides such indemnity or makes such payment. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against or join any other person in instituting against such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. Notwithstanding the foregoing, the Granting Lender unconditionally agrees to indemnify the Company, the Administrative Agent and each Lender against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be incurred by or asserted against the Company, the Administrative Agent or such Lender, as the case may be, in any way relating to or arising as a consequence of any such forbearance or delay in the initiation of any such proceeding against its SPC. Each party hereto hereby acknowledges and agrees that no SPC shall have the rights of a Lender hereunder, such rights being retained by the applicable Granting Lender. Accordingly, and without limiting the foregoing, each party hereby further acknowledges and agrees that no SPC shall have any voting rights hereunder and that the voting rights attributable to any Advance made by an SPC shall be exercised only by the relevant Granting Lender and that each Granting Lender shall serve as the administrative agent and attorney-in-fact for its SPC and shall on behalf of its SPC receive any and all payments made for the benefit of such SPC and take all actions hereunder to the extent, if any, such SPC shall have any rights hereunder. In addition, notwithstanding anything to the contrary contained in this Agreement any SPC may with notice to, but without the prior written consent of any other party hereto, assign all or a portion of its interest in any Advances to the Granting Lender. This Section may not be amended without the

document in any court referred to in subsection (b) of this section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an

prior written consent of each Granting Lender, all or any part of whose Advance is being funded by an SPC at the time of such amendment.

(j) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Borrowings. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this subsection, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

SECTION 8.08. Governing Law; Submission to Jurisdiction; Waiver of Venue; Service of Process.

(a) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

(b) The Company irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the State of New York sitting in New York City and of the United States District Court of the State of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State Court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other document against the Company or its properties in the courts of any jurisdiction.

(c) The Company irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other document in any court referred to in subsection (b) of this section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 8.02. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

SECTION 8.09. Waiver of Jury Trial.

Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other documents by, among other things, the mutual waivers and certifications in this Section.

SECTION 8.10. Execution of Documents.

(a) This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(b) The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 8.11. Severability.

Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

SECTION 8.12. Headings.

Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 8.13. Entire Agreement.

This Agreement constitutes the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Except as is expressly provided for herein, nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 8.14. Payments Set Aside.

To the extent that any payment by or on behalf of the Company is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of all principal and interest hereunder and the termination of this Agreement.

SECTION 8.15. Treatment of Certain Information; Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or any action or proceeding relating to this Agreement or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (B) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Company and its obligations, (vii) with the consent of the Company or (viii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Section or (B) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Company.

For purposes of this Section, "***Information***" means all information received from the Company or any Subsidiary relating to the Company or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Company or any Subsidiary, *provided* that, in the case of information received from the Company or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same

degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Company or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including Federal and state securities laws.

SECTION 8.16. Survival of Representations and Warranties. All representations and warranties made hereunder or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Advance, and shall continue in full force and effect as long as any Advance or any other obligation of the Company hereunder shall remain unpaid or unsatisfied.

SECTION 8.17. USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Company that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Act***"), it is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Company in accordance with the Act.

SECTION 8.18. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(i) Facility Fees shall cease to accrue on the unutilized portion of the Commitment of such Defaulting Lender; and

(ii) the Commitment of such Defaulting Lender shall not be included in determining whether the Majority Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 8.01); provided, that this clause (ii) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification pursuant to clauses (a) through (g) of Section 8.01.

In the event that the Administrative Agent and the Company agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then on such date such Lender shall purchase at par such of the Advances of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Advances in accordance with its Commitment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

FLORIDA POWER CORPORATION
D/B/A PROGRESS ENERGY FLORIDA, INC.

By _____
Thomas R. Sullivan
Vice President and Treasurer

BANK OF AMERICA, N.A., as Administrative Agent and as a Lender

By _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

FLORIDA POWER CORPORATION
D/B/A PROGRESS ENERGY FLORIDA, INC.

By_____
Thomas R. Sullivan
Vice President and Treasurer

BANK OF AMERICA, N.A., as Administrative Agent and as a Lender

By _____
Name: Michael Mason
Title: Senior Vice President

BARCLAYS BANK PLC

By _____

Name: David Barton
Title: Director

THE ROYAL BANK OF SCOTLAND PLC

By _____

Name: Tyler J. McCarthy
Title: Director

WELLS FARGO BANK, N.A.

By _____
Name: Allison Newman
Title: Vice President

CITIBANK, N.A.

By Anita J. Brickell

Name: Anita J. Brickell
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By _____

Name: Peter Christensen
Title: Vice President

DEUTSCHE BANK AG NEW YORK BRANCH

By _____
Name: Andreas Neumeier
Title: Managing Director

By _____
Name: Philippe Sandmeier
Title: Managing Director

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By _____
Name: Nicholas R. Battista
Title: Authorized Signatory

GOLDMAN SACHS BANK USA

By _____

Name: Mark Walton
Title: Authorized Signatory

MORGAN STANLEY BANK, N.A.

By _____

Name: Ryan Vetsch
Title: Authorized Signatory

THE BANK OF NEW YORK MELLON

By _____

Name: Richard Fronapfel, Jr.
Title: Vice President

BRANCH BANKING AND TRUST COMPANY

By _____
Name: Jack M. Frost
Title: Senior Vice President

SUNTRUST BANK

By _____

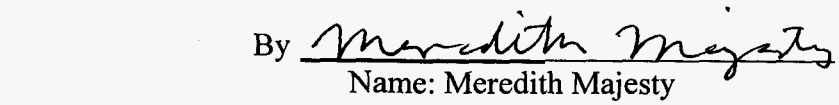
Name: Yann Pirio
Title: Managing Director

BANCO BILBAO VIZCAYA ARGENTARIA, S.A., NEW YORK BRANCH

By _____
Name: MICHAEL OKA
Title: EXECUTIVE DIRECTOR, GC USA

By _____
Name: ALEX MAYRAL
Title: VICE PRESIDENT

ROYAL BANK OF CANADA

By 
Name: Meredith Majesty
Title: Authorized Signatory

TD BANK, N.A.

By _____

Name: MARCIA WILLARD

Title: SVP

U.S. BANK NATIONAL ASSOCIATION

By _____
Name: Michael T. Sagges
Title: Vice President

COMERICA BANK

By _____

Name: Clayton Vanderpool
Title: Assistant Vice President

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By _____

Name: K.N Sherman

Title: SVP

KEYBANK NATIONAL ASSOCIATION

By _____

Name: Sherrie I. Manson

Title: Senior Vice President

THE NORTHERN TRUST COMPANY

By _____
Name: John Canty
Title: Senior Vice President

REGIONS BANK

By _____

Name: Anthony LeTrent
Title: Senior Vice President

SCHEDULE I

Existing Facility

$450,000,000 5-Year Credit Agreement, dated as of March 28, 2005, as amended, among the Company, the lenders party thereto and Bank of America, N.A., as administrative agent.

SCHEDULE II

Commitments

Lender	Commitment	Domestic Lending Office	Eurodollar Lending Office
Bank of America, N.A.	$ 55,000,000	901 Main Street Mail Code: TX1-492-14-14 Dallas, Texas 75202-3714 Attention: Keli Torres Telephone: (214) 209-1864, ext. 51864 Telecopier: (214) 290-8375 E-Mail: keli.torres@baml.com	Same as Domestic Lending Office
Barclays Bank PLC	$ 55,000,000	745 Seventh Avenue 26th Floor New York, New York 10019 Attention: May Huang Telephone: (212) 526-0787 Telecopier: (212) 526-5115 E-Mail: may.huang@barclayscapital.com	Same as Domestic Lending Office
The Royal Bank of Scotland plc	$ 55,000,000	600 Washington Boulevard Stamford, Connecticut 06901 Telephone: (203) 897-4431 Telecopier: (203) 873-5019 E-mail: janardhan.krishnappa@rbs.com	Same as Domestic Lending Office
Wells Fargo Bank, N.A.	$ 55,000,000	301 S. College Street, 15th Floor Charlotte, NC 28288 Mail Code: D1053-150 Attention: Allison Newman Telephone: (704) 383-5260 Telecopier: (704) 715-1486 E-Mail: allison.newman@wachovia.com	Same as Domestic Lending Office
Citibank, N.A.	$ 50,000,000	388 Greenwich Street New York, New York 10013 Attention: Carl Cho Telephone: (212) 816-2064 Telecopier: (212) 994-0847 E-Mail: carl.cho@citi.com	Same as Domestic Lending Office
JPMorgan Chase Bank, N.A.	$ 50,000,000	500 Stanton Christiana Road. Ops 2/3 Newark, Delaware 19713-2107 Attention: Nicole F. Mangiaracina Telephone: (302) 634-2022 Telecopier: (201) 224-3885 E-Mail: nicole.f.mangiaracina@jpmchase.com	Same as Domestic Lending Office
Deutsche Bank AG New York	$ 45,000,000	60 Wall Street Floor 44 New York, New York 10005	Same as Domestic Lending Office

Lender	Commitment	Domestic Lending Office	Eurodollar Lending Office
Branch		Attention: LeAnne Chen Telephone: (212) 250-6665 Telecopier: (212) 553-2477 E-Mail: leanne.chen@db.com	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$ 45,000,000	1251 Avenue of the Americas 12th Floor New York, New York 10020-1104 Attention: Mary Coseo Telephone: (212) 782-6932 Telecopier: (212) 782-6440 E-Mail: mcoseo@us.mufg.jp	Same as Domestic Lending Office
Goldman Sachs Bank USA	$ 35,000,000	200 West Street New York, New York 10282 Attention: Lauren Day Telephone: (212) 902-1099 Telecopier: (917) 977-3966 E-Mail: gs-sbd-admin-contacts@ny.email.gs.com	Same as Domestic Lending Office
Morgan Stanley Bank, N.A.	$ 35,000,000	1300 Thames Street Wharf, 4th Floor Baltimore, Maryland 21231 Attention: Morgan Stanley Loan Servicing Telephone: (443) 627-4355 Telecopier: (718) 233-2140 E-Mail: msloanservicing@morganstanley.com	Same as Domestic Lending Office
The Bank of New York Mellon	$ 35,000,000	Room 1900 1 Wall Street New York, New York 10286 Attention: Richard Fronapfel, Jr. Telephone: (212) 635-7615 Telecopier: (212) 635-8595 E-Mail: richard.fronapfel@bnymellon.com	Same as Domestic Lending Office
Branch Banking and Trust Company	$ 30,000,000	434 Fayetteville Street, 4th Floor Raleigh, North Carolina 27601 Attention: Jack Frost Telephone: (919) 716-9112 Telecopier: (919) 716-9330 E-Mail: jfrost@bbandt.com	Same as Domestic Lending Office
SunTrust Bank	$ 27,500,000	303 Peachtree Street, 4th Floor Atlanta, Georgia 30308 Attention: Andrew Johnson Telephone: (404) 658-4692 Telecopier: (404) 827-6270 E-Mail: andrew.johnson@suntrust.com	Same as Domestic Lending Office
BBVA, S.A., New York Branch	$ 25,000,000	1345 Avenue of the Americas, 45th Floor New York, New York 10105	Same as Domestic Lending Office

Lender	Commitment	Domestic Lending Office	Eurodollar Lending Office
		Attention: Nietzsche Rodricks Telephone: (212) 728-2380 Telecopier: (212) 258-2216 E-Mail: Nietzsche.rodricks@bbvany.com	
Royal Bank of Canada	$ 25,000,000	One Liberty Plaza New York, New York 10006-1404 Attention: Thomas Casey Telephone: (212) 905-5872 Telecopier: (212) 428-6201 E-Mail: thomas.casey@rbccm.com	Same as Domestic Lending Office
TD Bank, N.A.	$ 25,000,000	2005 Market Street, 2nd Floor Philadelphia, Pennsylvania 19013 Attention: Gary Martz Telephone: (215) 282-2799 Telecopier: (215) 282-2476 E-Mail: gary.martz@yesbank.com	Same as Domestic Lending Office
U.S. Bank National Association	$ 25,000,000	461 Fifth Avenue New York, New York 10017 Attention: Michael Sagges Telephone: (917) 256-2822 Telecopier: (646) 935-4552 E-Mail: michael.sagges@usbank.com	Same as Domestic Lending Office
Comerica Bank	$ 25,000,000	500 Woodward Avenue, 9th Floor MC 3279 Detroit, Michigan 48275-3279 Attention: Clayton Vanderpool Telephone: (313) 222-9452 Telecopier: (313) 222-3330 E-Mail: crvanderpool@comerica.com	Same as Domestic Lending Office
First Tennessee Bank National Association	$ 15,000,000	4140 Parklake Avenue, Suite 120 Raleigh, North Carolina 27612 Attention: Keith Sherman Telephone: (919) 789-2983 Telecopier: (919) 781-1485 E-Mail: kasherman@ftb.com	Same as Domestic Lending Office
KeyBank National Association	$ 12,500,000	127 Public Square OH-01-27-0623 Cleveland, Ohio 44114 Attention: Yvette Dyson-Owens Telephone: (216) 689-4358 Telecopier: (216) 689-4981 E-Mail: yvette_dyson-owens@keybank.com	Same as Domestic Lending Office
The Northern Trust Company	$ 12,500,000	50 South La Salle Street Chicago, Illinois 60603 Attention: John Canty	Same as Domestic Lending Office

Lender	Commitment	Domestic Lending Office	Eurodollar Lending Office
		Telephone: (312) 444-7729 Telecopier: (312) 557-1425 E-Mail: jc92@ntrs.com	
Regions Bank	$ 12,500,000	6805 Morrison Blvd., Suite 100 Charlotte, North Carolina 28211 Attention: Anthony LeTrent Telephone: (704) 362-7367 Telecopier: (704) 362-3594 E-Mail: anthony.letrent@regions.com	Same as Domestic Lending Office
Total:	$750,000,000		

EXHIBIT A-1

FORM OF NOTICE OF BORROWING

[Date]

Bank of America, N.A., as Administrative Agent
for the Lenders parties to the
Credit Agreement referred to below
901 Main Street, 14th Fl.
Dallas, TX 75202-3714
Mail Code: TX1-492-14-12

Attention:

Ladies and Gentlemen:

The undersigned, FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC., refers to the Credit Agreement, dated as of October 15, 2010 (the "***Credit Agreement***", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders from time to time parties thereto and BANK OF AMERICA, N.A., as Administrative Agent for said Lenders, and hereby gives you notice pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "***Proposed Borrowing***") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____, 20__.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances][Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_____.

(iv) The Interest Period for each Eurodollar Rate Advance that is an Advance made as part of the Proposed Borrowing is _____ months.

Very truly yours,

FLORIDA POWER CORPORATION
D/B/A PROGRESS ENERGY FLORIDA, INC.

By _____
Name:
Title:

EXHIBIT A-2

FORM OF NOTICE OF CONVERSION

[Date]

Bank of America, N.A., as Administrative Agent
for the Lenders parties to the
Credit Agreement referred to below
901 Main Street, 14th Fl.
Dallas, TX 75202-3714
Mail Code: TX1-492-14-12

Attention:

Ladies and Gentlemen:

The undersigned, FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC., refers to the Credit Agreement, dated as of October 15, 2010 (the "***Credit Agreement***", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders from time to time parties thereto and BANK OF AMERICA, N.A., as Administrative Agent for said Lenders, and hereby gives you notice pursuant to Section 2.10 of the Credit Agreement that the undersigned hereby requests a Conversion under the Credit Agreement, and in that connection sets forth the terms on which such Conversion (the "***Proposed Conversion***") is requested to be made:

(i) The Business Day of the Proposed Conversion is _____, 20__.

(ii) The Type of, and Interest Period (if any) applicable to, the Advances (or portions thereof) proposed to be Converted: _____.

(iii) The Type of Advance to which such Advances (or portions thereof) are proposed to be Converted: _____.

(iv) Except in the case of a Conversion to Base Rate Advances, the initial Interest Period to be applicable to the Advances resulting from such Conversion: _____.

(v) The aggregate amount of Advances (or portions thereof) proposed to be Converted is $_____.

The undersigned hereby certifies that, on the date hereof, and on the date of the Proposed Conversion, no event has occurred and is continuing, or would result from such Proposed Conversion, which constitutes an Event of Default.

Very truly yours,

FLORIDA POWER CORPORATION
D/B/A PROGRESS ENERGY FLORIDA, INC.

By _____
Name:
Title:

EXHIBIT B

FORM OF NOTE

[Date]

FOR VALUE RECEIVED, the undersigned (the "***Company***"), hereby promises to pay to _____ or its registered assigns (the "***Lender***"), in accordance with the provisions of the Agreement (as hereinafter defined), the principal amount of each Advance from time to time made by the Lender to the Company under that certain Credit Agreement, dated as of October 15, 2010 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "***Agreement***;" the terms defined therein being used herein as therein defined), among the Company, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The Company promises to pay interest on the unpaid principal amount of each Advance from the date of the Advance until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in U.S. dollars to the Administrative Agent at its address referred to in Section 8.02 of the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Notes referred to in the Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Advances made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Advances and payments with respect thereto.

The Company, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

FLORIDA POWER CORPORATION
D/B/A PROGRESS ENERGY FLORIDA, INC.

By _____
Name:
Title:

ADVANCES AND PAYMENTS WITH RESPECT THERETO

Date	Type of Advance Made	Amount of Advance Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

EXHIBIT C

FORM OF ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "***Assignment and Assumption***") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] identified in item 1 below (the "***Assignor***") and [*Insert name of Assignee*] identified in item 2 below (the "***Assignee***"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "***Credit Agreement***"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "***Assigned Interest***"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____ [and is an Affiliate/Approved Fund of [*identify Lender*][1]]

3. Company(s): _____

4. Administrative Agent: Bank of America, N.A., as the administrative agent under the Credit Agreement

5. Credit Agreement: The $750,000,000 Credit Agreement, dated as of October 15, 2010, among Florida Power Corporation D/B/A Progress Energy Florida, Inc., the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent

[1] Select as applicable.

6. Assigned Interest:

Facility Assigned[2]	Aggregate Amount of Commitment for all Lenders*	Amount of Commitment Assigned*	Percentage Assigned of Commitment[3]	CUSIP Number
_____	$_____	$_____	_____%	
_____	$_____	$_____	_____%	
_____	$_____	$_____	_____%	

7. Trade Date: _____][4]

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

[2] Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Credit Commitment", "Term Advance Commitment", etc.).

[3] Set forth, to at least 9 decimals, as a percentage of the Commitment of all Lenders thereunder.

[4] To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By _____
Title:

[Consented to and][5] Accepted:

Bank of America, N.A., as
Administrative Agent

By: _____
Title:

[Consented to:][6]

[NAME OF RELEVANT PARTY]

By: _____
Title:

[5] To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.
[6] To be added only if the consent of the Company and/or other parties (e.g. Swing Line Lender, L/C Issuer) is required by the terms of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION

[_____][7]

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim created by it and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any collateral thereunder, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement or (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01(i)(ii) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it

[7] Describe Credit Agreement at option of Administrative Agent.

shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York [*confirm that choice of law provision parallels the Credit Agreement*].

EXHIBIT D-1

FORM OF OPINION OF COUNSEL FOR THE COMPANY

[Date]

To each of the Lenders parties to the Agreement
referred to below and Bank of America, N.A., as
Administrative Agent

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by us as counsel for Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") pursuant to Section 3.01(a)(viii) of the Credit Agreement, dated as of October 15, 2010 (the "***Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders thereunder (the "***Lenders***") and Bank of America, N.A., as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Agreement, we have examined:

(1) The Agreement.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the Agreement.

(3) The opinion letter of even date herewith, addressed to you by R. Alexander Glenn, General Counsel of Progress Energy Florida, Inc., and delivered in connection with the transactions contemplated by the Agreement (the "***Company Opinion Letter***").

We have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Borrower or its officers or of public officials. We have assumed the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the originals (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties.

We are members of the Bar of the State of New York, and the opinions expressed herein are limited to the law of the State of New York and the federal law of the United States. To the extent that our opinions expressed herein depend upon opinions expressed in paragraphs 1 through 4 of the Company Opinion Letter, we have relied without independent investigation on

the accuracy of the opinions expressed in the Company Opinion Letter, subject to the assumptions, qualifications and limitations set forth in the Company Opinion Letter.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that the Agreement constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms except as enforcement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

The opinion set forth above is subject to the following qualifications:

(a) In addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(b) No opinion is expressed herein as to (i) Section 8.05 of the Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law.

(c) No opinion is expressed herein as to provisions, if any, in the Agreement, which (A) purport to excuse, release or exculpate a party for liability for or indemnify a party against the consequences of its own acts, (B) purport to make void any act done in contravention thereof, (C) purport to authorize a party to make binding determinations in its sole discretion, (D) relate to the effects of laws which may be enacted in the future, (E) require waivers, consents or amendments to be made only in writing, (F) purport to waive rights of offset or to create rights of set off other than as provided by statute, (G) purport to permit acceleration of indebtedness and the exercise of remedies by reason of the occurrence of an immaterial breach of the Agreement or any related document or (H) have the effect of imposing penalties or forfeitures. Further, we express no opinion as to the necessity for any Lender, by reason of such Lender's particular circumstances, to qualify to transact business in the State of New York or as to any Lender's liability for taxes in any jurisdiction.

(d) In connection with the provisions of the Agreement whereby the Borrower submits to the jurisdiction of the courts of the United States of America located in the State of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the Federal Courts. In connection with the provisions of the Agreement that relate to forum selection (including, without limitation, a waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that under NYCPLR § 510, a New York State court may have discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a), a United States District Court has discretion to transfer an action from one Federal Court to another.

The foregoing opinion is solely for your benefit and may not be relied upon by any other Person other than any other Person that may become a Lender under the Agreement after the date hereof in accordance with the provisions thereof.

Very truly yours,

EXHIBIT D-2

FORM OF OPINION OF GENERAL COUNSEL
TO THE COMPANY

[Date]

To each of the Lenders parties to the
Agreement referred to below and
Bank of America, N.A.
as Administrative Agent

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by me as General Counsel of Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") pursuant to Section 3.01(a)(viii) of the Credit Agreement, dated as of October 15, 2010 (the "***Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders thereunder (the "***Lenders***") and Bank of America, N.A., as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Agreement, I have examined:

(1) The Agreement.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the Agreement.

(3) The Restated Charter of the Borrower (the "***Charter***").

(4) The Bylaws of the Borrower and all amendments thereto (the "***Bylaws***").

(5) The FPSC Order.

I have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the authenticity of all documents submitted to me as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of signatures (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. For purposes of my opinions

expressed in paragraph 1 below as to existence and good standing, I have relied as of their respective dates on certificates of public officials, copies of which are attached hereto as Exhibit A. Whenever the phrase "to my knowledge" is used in this opinion it refers to my actual knowledge and the actual knowledge of the attorneys who work under my supervision and who were involved in the representation of the Borrower in connection with the transactions contemplated by the Agreement.

I or attorneys working under my supervision are qualified to practice law in the State of Florida, and the opinions expressed herein are limited to the law of the State of Florida and the federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. The Borrower has the corporate power and authority to enter into the transactions contemplated by the Agreement.

2. The execution, delivery and performance of the Agreement by the Borrower have been duly authorized by all necessary corporate action on the part of the Borrower and the Agreement has been duly executed and delivered by the Borrower.

3. The execution, delivery and performance of the Agreement by the Borrower will not (i) violate the Charter or the Bylaws or any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (ii) result in a breach of, or constitute a default under, any judgment, decree or order binding on the Borrower, or any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound.

4. No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Agreement, other than the FPSC Order, which has been duly issued and is in full force and effect. All periods for review and approval of the FPSC Order have expired, and no such request for review or appeal thereof has been filed or is pending.

5. To my knowledge, except as described in the reports and registration statements that the Borrower has filed with the Securities and Exchange Commission, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that purport to affect the legality, validity, binding effect or enforceability of the Agreement or that are likely to have a material adverse effect upon the financial condition, operations or properties of the Borrower or any of its Subsidiaries.

The opinions set forth above are subject to the qualification that, except as provided in paragraph 4 above, no opinion is expressed herein as to the enforceability of the Agreement or any other document.

The foregoing opinions are solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Agreement after the date hereof and (ii) Hunton & Williams LLP and King & Spalding LLP, in connection with their respective opinions delivered on the date hereof under Section 3.01 of the Agreement.

Very truly yours,

EXHIBIT D-3

FORM OF OPINION OF GENERAL COUNSEL TO THE BORROWER UPON COMMITMENT INCREASE OR EXTENSION OF THE TERMINATION DATE

_____ ___, 20__

To each of the Lenders parties to the Credit Agreement referred to below and to Bank of America, N.A., as Administrative Agent

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by me as General Counsel of Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") in connection with the [increase in the Commitments under Section 2.04(b) (the "***Commitment Increase***")] [extension of the Termination Date until _____ __, _____ under Section 2.16 (the "***Extension***")] of the Credit Agreement, dated as of October 15, 2010, [as amended], (the "***Credit Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders from time to time parties thereto (the "***Lenders***") and Bank of America, N.A., as Administrative Agent for the Lenders.

In connection with the Extension, I have examined:

(1) The Credit Agreement.

(2) The documents furnished by the Borrower pursuant to Sections 3.01 and [2.04(b)][2.16] of the Credit Agreement.

(3) The [Notice of Proposed Commitment Increase] [Request for Extension of Termination Date] and Certificate, dated _____, submitted by the Borrower in connection with the [Commitment Increase][Extension].

(4) The Restated Charter of the Borrower and all amendments thereto (the "***Charter***").

(5) The By-Laws of the Borrower and all amendments thereto (the "***By-Laws***").

I have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the authenticity of all documents submitted to me as

originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the signatures (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. For purposes of my opinions expressed in paragraph 1 below as to existence and good standing, I have relied as of their respective dates on certificates of public officials, copies of which are attached hereto as Exhibit A. Whenever the phrase "to my knowledge" is used in this opinion it refers to my actual knowledge and the actual knowledge of the attorneys who work under my supervision and who were involved in the representation of the Borrower in connection with the transactions contemplated by the Credit Agreement.

I or attorneys working under my supervision are qualified to practice law in the State of Florida and the opinions expressed herein are limited to the law of the State of Florida and the Federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida.

2. The execution, delivery and performance by the Borrower of the Credit Agreement, after giving effect to the [Commitment Increase][Extension], are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not violate (i) the Charter or the By-Laws or any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (ii) result in breach of, or constitute a default under, any judgment, decree or order binding on the Borrower, or any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound. The Credit Agreement has been duly executed and delivered on behalf of the Borrower.

3. No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery and performance, by the Borrower of the Credit Agreement, after giving effect to the [Commitment Increase][Extension], other than a notification to the Florida Public Service Commission, which has been timely made.

4. To my knowledge, except as described in the reports and registration statements that the Borrower has filed with the Securities and Exchange Commission, there are no pending or overtly threatened actions or proceedings against the Borrower or any of the Subsidiaries before any court, governmental agency or arbitrator, that may materially adversely affect the financial condition, operations or properties of the Borrower and its Subsidiaries, taken as a whole.

The opinions set forth above are subject to the qualification that no opinion is expressed herein as to the enforceability of the Credit Agreement or any other document.

The foregoing opinions are solely for your benefit and may not be relied upon by any other Person other than any other Person that may become a Lender under the Credit Agreement after the date hereof and Hunton & Williams LLP, in connection with their opinion delivered on the date hereof under Section [2.04(b)][2.16(c)] of the Credit Agreement. This letter speaks only as of the date hereof and may not be relied on by any person with respect to any date after the date hereof. I do not undertake to advise you of any changes in the opinions expressed herein from matters that may hereafter arise or be brought to my attention.

Very truly yours,

EXHIBIT D-4

FORM OF OPINION OF SPECIAL COUNSEL TO THE BORROWER UPON COMMITMENT INCREASE OR EXTENSION OF THE TERMINATION DATE

_____ ___, 20__

To each of the Lenders parties to the Credit Agreement referred to below and to Bank of America, N.A., as Administrative Agent

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by us as counsel for Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") in connection with the [increase in the Commitments under Section 2.04(b) (the "***Commitment Increase***")] [extension of the Termination Date until October [ ], 20___ under Section 2.16 (the "***Extension***")] of the Credit Agreement, dated as of October 15, 2010, [as amended], (the "***Credit Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders from time to time parties thereto (the "***Lenders***") and Bank of America, N.A., as Administrative Agent for the Lenders.

In connection with the Extension, we have examined:

(1) The Credit Agreement.

(2) The documents furnished by the Borrower pursuant to Sections 3.01 and [2.04(b)][2.16] of the Credit Agreement.

(3) The [Notice of Proposed Commitment Increase] [Request for Extension of Termination Date] and Certificate, dated _____, submitted by the Borrower in connection with the [Commitment Increase][Extension].

(4) The opinion letter of even date herewith, addressed to you by R. Alexander Glenn, General Counsel of Progress Energy Florida, Inc., and delivered in connection with the transactions contemplated by the Credit Agreement (the "***Borrower Opinion Letter***").

We have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Borrower or its officers or of public officials. We have assumed the authenticity of all documents submitted to us as

originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the originals (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Credit Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties.

We are members of the Bar of the State of New York, and the opinions expressed herein are limited to the law of the State of New York and the federal law of the United States. To the extent that our opinions expressed herein depend upon opinions expressed in paragraphs 1 through 4 of the Borrower Opinion Letter, we have relied without independent investigation on the accuracy of the opinions expressed in the Borrower Opinion Letter, subject to the assumptions, qualifications and limitations set forth in the Borrower Opinion Letter.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the following opinion the Credit Agreement after giving effect to the [Commitment Increase][Extension] constitutes the valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms except as enforcement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

The opinion set forth above is subject to the following qualifications:

(a) In addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(b) No opinion is expressed herein as to (i) Section 8.05 of the Credit Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law.

(c) No opinion is expressed herein as to provisions, if any, in the Credit Agreement, which (A) purport to excuse, release or exculpate a party for liability for or indemnify a party against the consequences of its own acts, (B) purport to make void any act done in contravention thereof, (C) purport to authorize a party to make binding determinations in its sole discretion, (D) relate to the effects of laws which may be enacted in the future, (E) require waivers, consents or amendments to be made only in writing, (F) purport to waive rights of offset or to create rights of set off other than as provided by statute, (G) purport to permit acceleration of indebtedness and the exercise of remedies by reason of the occurrence of an immaterial breach of the Credit Agreement or any related document or (H) have the effect of imposing penalties or forfeitures. Further, we express no opinion as to the necessity for any Lender, by reason of such Lender's particular circumstances, to qualify to transact business in the State of New York or as to any Lender's liability for taxes in any jurisdiction.

(d) In connection with the provisions of the Agreement whereby the Borrower submits to the jurisdiction of the courts of the United States of America located in the State of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the Federal Courts. In connection with the provisions of the Agreement that relate to forum selection (including, without limitation, a waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that under NYCPLR § 510, a New York State court may have discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a), a United States District Court has discretion to transfer an action from one Federal Court to another.

The foregoing opinion is solely for your benefit and may not be relied upon by any other Person other than any other Person that may become a Lender under the Credit Agreement after the date hereof in accordance with the provisions thereof. This letter speaks only as of the date hereof and may not be relied on by any person with respect to any date after the date hereof. We do not undertake to advise you of any changes in the opinions expressed herein from matters that may hereafter arise or be brought to our attention.

Very truly yours,

EXHIBIT E

FORM OF OPINION OF COUNSEL
TO THE ADMINISTRATIVE AGENT

[DATE]

To Bank of America, N.A., as Administrative Agent for the Lenders referred to below, and to each of the Lenders parties to the Credit Agreement, dated as of October 15, 2010, among Florida Power Corporation D/B/A Progress Energy Florida, Inc., said Lenders and Bank of America, N.A., as Administrative Agent	

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

We have acted as your counsel in connection with the preparation, execution and delivery of, and the closing on October 15, 2010 under, the Credit Agreement, dated as of October 15, 2010 (the "***Credit Agreement***"), by and among Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Company***"), the Lenders from time to time parties thereto and Bank of America, N.A., as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein as therein defined.

In this connection, we have examined the following documents:

1. a counterpart of the Credit Agreement, executed by the parties thereto;

2. the documents furnished by or on behalf of the Company pursuant to subsections (i) through (vi) and (viii) of Section 3.01(a) of the Credit Agreement, including, without limitation, the opinion of the General Counsel to the Company and the opinion of Hunton & Williams LLP, counsel to the Company (the "***Company Opinions***").

In our examination of the documents referred to above, we have assumed the authenticity of all such documents submitted to us as originals, the genuineness of all signatures, the due authority of the parties executing such documents and the conformity to the originals of all such documents submitted to us as copies. We have also assumed that you have independently evaluated, and are satisfied with, the creditworthiness of the Company and the business terms reflected in the Credit Agreement. We have relied, as to factual matters, on the documents we have examined.

To the extent that our opinions expressed below involve conclusions as to matters governed by law other than the law of the State of New York, we have relied upon the Company

Opinions and have assumed without independent investigation the correctness of the matters set forth therein, our opinions expressed below being subject to the assumptions, qualifications and limitations set forth in the Company Opinions.

Based upon and subject to the foregoing, and subject to the qualifications set forth below, we are of the opinion that the Credit Agreement is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

Our opinion is subject to the following qualifications:

(a) The enforceability of the Company's obligations under the Credit Agreement is subject to the effect of any applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar law affecting creditors' rights generally.

(b) The enforceability of the Company's obligations under the Credit Agreement is subject to the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law). Such principles of equity are of general application, and, in applying such principles, a court, among other things, might not allow a contracting party to exercise remedies in respect of a default deemed immaterial, or might decline to order an obligor to perform covenants.

(c) We note further that, in addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(d) We express no opinion herein as to (i) the enforceability of Section 8.05 of the Credit Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law.

(e) In connection with Section 8.08(b) of the Credit Agreement, whereby the Company submits to the jurisdiction of any Federal court, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on Federal court jurisdiction.

(f) Our opinions expressed above are limited to the law of the State of New York, and we do not express any opinion herein concerning any other law.

The foregoing opinion is solely for your benefit and may not be relied upon by any other person or entity.

Very truly yours,

MEO:mwc

EXHIBIT F

FORM OF REQUEST FOR EXTENSION OF
THE TERMINATION DATE

CREDIT AGREEMENT

Dated as of October 15, 2010

FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC.

and

THE LENDERS PARTIES THERETO

and

OTHER LENDERS FROM TIME TO TIME
PARTY HERETO

and

BANK OF AMERICA, N.A.

Request for Extension of Termination Date

I, [_____], [_____] of Progress Energy Florida, Inc., do hereby request that the Termination Date of the Credit Agreement, dated as of October 15, 2010, as amended (the "***Credit Agreement***", the terms defined therein being used herein as therein defined), among Progress Energy Florida, Inc., certain Lenders from time to time parties thereto and Bank of America, N.A., as Administrative Agent for the Lenders, be extended for a one-year period (hereinafter the "***Proposed Extension***") pursuant to Section 2.16 of the Credit Agreement and, in connection therewith, hereby certify as follows:

(i) as of the date hereof, the representations and warranties set forth in Section 4.01 (including without limitation those regarding any required approvals of or notices to governmental bodies) of the Credit Agreement are and will be as of the effective date of the Proposed Extension accurate both before and after giving effect to the Proposed Extension; and

(ii) as of the date hereof, no Event of Default has occurred, nor has any event occurred, that with the giving of notice or the passage of time or both, would constitute

an Event of Default, in either case both before and after giving effect to the Proposed Extension.

Witness my hand this _____ day of _____, ____.

_____

[_____]

EXHIBIT (1)-h

BofA Merrill Lynch

Offering Memorandum **November 2010**

Florida Power Corporation d / b / a
Progress Energy Florida, Inc.

$750,000,000

Commercial Paper Notes

SUMMARY OF TERMS

Issuer:	Progress Energy Florida, Inc. (the "Company"), a Florida corporation. The Notes are not obligations of, nor guaranteed by, Progress Energy, Inc., the corporate parent of the Company.
Program Size:	Authorized to a maximum outstanding of $750,000,000.
Securities:	Unsecured commercial paper notes (the "Notes"), ranking pari passu with the Company's other unsubordinated and unsecured indebtedness.
Exemption:	The Notes are exempt from registration under the Securities Act of 1933, as amended (the "Act"), pursuant to Section 3(a)(3) thereof or any other applicable exemption available at the time the Notes are offered or sold.
Maturities:	Up to 270 days from date of issue.
Offering Price:	Par less a discount representing an interest factor or, if interest bearing, at par.
Denominations	The Notes will be issued in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof.
Redemption:	The Notes will not be redeemable prior to maturity or be subject to voluntary prepayment.
Form:	The Notes will be issued and purchases thereof will be recorded only through the book-entry system of The Depository Trust Company ("DTC"). Beneficial owners will not receive certificates representing their ownership interest in the Notes. The face amount of each Note will be paid upon maturity in immediately available funds to DTC. The Company has been advised by DTC that upon receipt of such payment, DTC will credit, on its book-entry records and transfer system, the accounts of the DTC participants through whom Notes are directly or indirectly owned. Payments by DTC to its participants and by such participants to owners of the Notes or their representatives will be governed by customary practices and standing instructions and will be the sole responsibility of DTC, such DTC participants or such representatives, respectively

Settlement:	Unless otherwise agreed to, same day basis, in immediately available funds.
Use of Proceeds:	The Company intends to use the proceeds of the sale of Notes to meet current working capital and other corporate purposes.
Bank Lines:	The Company has a $750,000,000 revolving credit facility to support the sale of commercial paper notes and for other general corporate borrowing purposes.
Issuing & Paying Agent:	JP Morgan Chase Bank NA

CREDIT RATINGS

Ratings are based on current information furnished to the rating agencies by the Company and information obtained by the rating agencies from other sources. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, **a prospective purchaser should verify the current long-term and short-term ratings of the Company before purchasing any Notes.**

BUSINESS OF THE COMPANY

The Company is a regulated public utility founded in Florida in 1899 and is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. At December 31, 2009, the Company had a total summer generating capacity (including jointly owned capacity) of 10,013 MW.

The Company's service territory covers approximately 20,000 square miles in west central Florida, and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. The Company is interconnected with 22 municipal and 9 rural electric cooperative systems. At December 31, 2009, the Company was providing electric services, retail and wholesale, to approximately 1.6 million customers. Major wholesale power sales customers include Seminole Electric Cooperative, Inc., Florida Municipal Power Agency, the city of Gainesville, Tampa Electric Company, and Reedy Creek Improvement District. PEF is subject to the rules and regulations of the Federal Energy Regulatory Commission, the Florida Public Service Commission and the Nuclear Regulatory Commission.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected without charge at the public reference facilities maintained by the Commission at 100 F Street, NE, Washington, D.C. 20549. Copies thereof may be obtained from the Commission upon payment of the prescribed fees. If available, such reports and other information may also be accessed through the Commission's electronic data gathering, analysis and retrieval system ("EDGAR"), including via the Commission's web site on the Internet (http://www.sec.gov). This website URL is an inactive textual reference only.

DOCUMENTS INCORPORATED BY REFERENCE

The Company files important information, including risk factors, with the SEC, and is incorporating those filings by reference into this Offering Memorandum ("this OM"). The information incorporated by reference is an important part of this OM, and the information subsequently filed with the SEC will automatically update and supersede the information contained or previously incorporated by reference in this OM. The Company incorporates by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until termination of the offering of the Notes; provided, however, that any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K is not incorporated, unless and, to the extent, specified as "filed" in any such Current Report on Form 8-K.

- Annual Report on Form 10-K for the year ended December 31, 2009
- Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30 2010
- Current Reports on Form 8-K filed March 19, March 25, September 20, and October 20, 2010

We frequently make our SEC filings on a joint basis with Progress Energy, Inc., our direct corporate parent, and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"), one of our affiliates. Any information included in such SEC filings that relates solely to Progress Energy, Inc. or PEC is not and shall not be deemed to be incorporated by reference into this OM.

ADDITIONAL INFORMATION

If you have any questions or require additional information, please contact: Merrill Lynch, Pierce, Fenner & Smith Incorporated, Global Investor Marketing, One Bryant Park, 4th Floor, Mail Code: NY1-100-04-00, New York, NY 10036, Telephone: (646) 855-3019, Facsimile: (980) 233-7814.

IN MAKING AN INVESTMENT DECISION, YOU SHOULD RELY ON YOUR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THIS EXAMINATION SHOULD INCLUDE REVIEW OF THE SEC FILINGS AND INFORMATION THAT THE COMPANY HAS MADE PUBLICLY AVAILABLE THAT EXPLAIN THE NATURE OF THE COMPANY'S BUSINESS, INCLUDING VARIOUS RISKS OF INVESTING IN THE COMPANY AND ITS SECURITIES. **YOUR INVESTMENT DECISION SHOULD NOT BE BASED SOLELY ON THIS OM AS IT IS NOT INTENDED TO BE A COMPLETE EXPLANATION OF THE NATURE AND RISKS OF INVESTING IN THE COMPANY AND ITS NOTES.** THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OM IS CONFIDENTIAL AND MAY NOT BE REPRODUCED OR DISSEMINATED BY ANYONE OTHER THAN MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("MLPFS"). NEITHER MLPFS NOR ANY OF ITS AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS OM. THIS OM IS DATED MATERIAL WHICH IS SUBJECT TO CHANGE OVER TIME. MLPFS IS A SUBSIDIARY OF BANK OF AMERICA CORPORATION. MLPFS AND ITS AFFILIATES MAY HAVE POSITIONS IN, AND MAY EFFECT TRANSACTIONS IN, THE NOTES AND OTHER SECURITIES ISSUED BY THE COMPANY AND MLPFS AND ITS AFFILIATES MAY PERFORM OR SEEK TO PERFORM INVESTMENT BANKING AND OTHER SERVICES FOR THE COMPANY. IN ADDITION, AN AFFILIATE OF MLPFS MAY BE A LENDER TO THE COMPANY AND PROCEEDS FROM THE SALES OF THE NOTES MAY BE USED TO REPAY INDEBTEDNESS OWED TO SUCH LENDING AFFILIATE. YOU ARE ADVISED THAT NEITHER MLPFS NOR ANY OF ITS AFFILIATES HAS ANY OBLIGATION TO DISCLOSE TO YOU ANY NON-PUBLIC INFORMATION THAT MAY BE FURNISHED TO MLPFS OR ANY OF ITS AFFILIATES IN CONNECTION WITH THE FOREGOING.

Bank of America
Merrill Lynch

Commercial Paper Memorandum Approval Form

Please sign this document to verify that you have read and approved the Offering Memorandum for Progress Energy Florida, Inc.'s 3(a)(3) commercial paper program dated November 2010.



Signature

Thomas F. Moses
Name

Assistant Treasurer
Title

12/7/10
Date

Kindly transmit a signed copy to Christina Hunt via email at Christina.hunt@baml.com. If you have any questions regarding the Offering Memorandum, please call Christina Hunt (646-855-8088).

Thank you for your cooperation.

EXHIBIT (1)-i

EXHIBIT (1)-i

J.P.Morgan

U.S. Commercial Paper
Offering Memorandum

November 2010

Florida Power Corporation d / b / a
Progress Energy Florida, Inc.

$750,000,000

Short-Term Notes

DEALER
J.P. MORGAN SECURITIES LLC

CREDIT RATINGS

Ratings are based on current information furnished to the rating agencies by the Company and information obtained by the rating agencies from other sources and are not a recommendation to buy, hold or sell the Notes. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, **a prospective purchaser should verify the current long-term and commercial paper ratings of the Company before purchasing Notes.**

The Dealer does not warrant the completeness or accuracy of the information herein and does not undertake to update such information. Prospective purchasers should conduct their own inquiry into the creditworthiness of the Company before purchasing any Notes.

J. P. MORGAN SECURITIES LLC

SUMMARY OF TERMS

ISSUER:	Progress Energy Florida, Inc. (the "Company"), a Florida corporation. The Notes are not obligations of, nor guaranteed by, Progress Energy, Inc., the corporate parent of the Company.
SECURITIES:	Up to $750,000,000 of unsecured notes (the "Notes").
EXEMPTION:	The Notes are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(3) thereof.
MATURITIES:	Up to 270 days from the date of issue. The Notes are not redeemable or subject to voluntary prepayment by the Company prior to maturity.
DENOMINATIONS:	The Notes will be issued in minimum denominations of $100,000 with integral increments of $1,000 in excess thereof.
OFFERING PRICE:	The Notes will be sold at par less a discount representing an interest factor or, if interest bearing, at par.
FORM OF ISSUANCE:	The Notes will be issued and purchases thereof will be recorded only through the book-entry system of The Depository Trust Company ("DTC"). Beneficial owners will not receive certificates representing their ownership interest in the Notes. The face amount of each Note will be paid upon maturity in immediately available funds to DTC. The Company has been advised by DTC that upon receipt of such payment, DTC will credit, on its book-entry records and transfer system, the accounts of the DTC participants through whom Notes are directly or indirectly owned. Payments by DTC to its participants and by such participants to owners of the Notes or their representatives will be governed by customary practices and standing instructions and will be the sole responsibility of DTC, such DTC participants or such representatives, respectively.
SETTLEMENT:	Unless otherwise agreed, settlement will be made on a same-day basis in immediately available funds.
USE OF PROCEEDS:	The Company intends to use the proceeds of the sale of Notes to meet current working capital and other corporate purposes. The proceeds may be used to repay indebtedness to lenders affiliated with J.P. Morgan Securities LLC ("JPMS").
ISSUING AND PAYING AGENT:	JPMorgan Chase Bank, N.A.

BUSINESS

Progress Energy Florida, Inc. is a regulated public utility founded in Florida in 1899 and is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. At December 31, 2009, the Company had a total summer generating capacity (including jointly owned capacity) of 10,013 MW.

The Company's service territory covers approximately 20,000 square miles in west central Florida, and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. The Company is interconnected with 22 municipal and 9 rural electric cooperative systems. At December 31, 2009, the Company was providing electric services, retail and wholesale, to approximately 1.6 million customers. Major wholesale power sales customers include Seminole Electric Cooperative, Inc., Florida Municipal Power Agency, the city of Gainesville, Tampa Electric Company, and Reedy Creek Improvement District. PEF is subject to the rules and regulations of the Federal Energy Regulatory Commission, the Florida Public Service Commission and the .Nuclear Regulatory Commission.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other public information ("SEC Filings") with the Securities and Exchange Commission (the "SEC"). Certain SEC Filings are available on the website maintained by the SEC at http://www.sec.gov/edgar/searchedgar/webusers.htm. All SEC Filings can be inspected and printed or copied, for a fee, at the SEC's Office of Public Reference, 100 F Street, N.E., Washington, DC 20549 , or you can contact that office by phone:, (800) SEC-0330 fax: (202) 628-9001 or e-mail: publicinfo@sec.gov. You can read more about the Public Reference Room at the website (http://www.sec.gov/info/edgar/prrrules.htm). All website URLs listed are inactive textual references only.

DOCUMENTS INCORPORATED BY REFERENCE

The Company files important information, including risk factors, with the SEC, and is incorporating those filings by reference into this Offering Memorandum. The information incorporated by reference is an important part of this Offering Memorandum, and information filed later with the SEC will automatically update and supersede the information in this Offering Memorandum. The Company incorporates by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until termination of the offering of the Notes; provided, however, that any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K is not incorporated, unless and, to the extent, specified as "filed" in any such Current Report on Form 8-K.

- Annual Report on Form 10-K for the year ended December 31, 2009.
- Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2010
- Current Reports on Form 8-K filed March 19, March 25, September 20, and October 20, 2010.

We frequently make our SEC filings on a joint basis with Progress Energy, Inc., our direct corporate parent, and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"), one of our affiliates. Any information included in such SEC filings that relates solely to Progress Energy, Inc. or PEC is not and shall not be deemed to be incorporated by reference into this document.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THIS EXAMINATION SHOULD INCLUDE THE REVIEW OF THE COMPANY'S SEC FILINGS AND INFORMATION THE COMPANY HAS MADE PUBLICLY AVAILABLE THAT EXPLAIN THE NATURE OF THE BUSINESS OF THE COMPANY, INCLUDING VARIOUS RISKS OF INVESTING IN THE COMPANY ITS SECURITIES. **YOUR INVESTMENT DECISION SHOULD NOT BE BASED SOLELY ON THIS ANNOUNCEMENT SINCE IT IS NOT INTENDED TO BE A COMPLETE EXPLANATION OF THE NATURE AND RISKS OF INVESTING IN THE COMPANY AND ITS NOTES.** THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NEITHER J.P. MORGAN SECURITIES LLC NOR ANY OF ITS AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR REFERRED TO HEREIN.

THE DEALER

J.P. Morgan Securities LLC ("JPMS") and its affiliates may perform various investment banking, commercial banking and financial advisory services from time to time for the Company and its affiliates. An affiliate of JPMS may be a lender to the Company and proceeds from sales of the Notes may be used to repay indebtedness owed to such lending affiliate. Prospective purchasers of the Notes are advised that JPMS has no obligation to disclose any non-public information concerning the Company and its affiliates that may be furnished to JPMS and its affiliates in connection with performing such services.

If you require any other information or have any questions, please contact JPMS at:

Investor Marketing
Short-Term Fixed Income Division
J.P. Morgan Securities LLC
383 Madison Avenue, 3rd Floor
New York, NY 10179
Phone: (212) 834-5071
Fax: (212) 834-6172

The information under the caption "The Dealer" is particular to JPMS. All other information contained in this offering memorandum has been furnished by the Company.

OFFERING MEMORANDUM APPROVAL

Approved: **Florida Power Corporation d/b/a Progress Energy Florida, Inc.**

By: _____

Name: Thomas F. Moses

Title: Assistant Treasurer

Date: 11/10/10

EXHIBIT (1)-i

U.S. Commercial Paper Information Memorandum

SunTrust Robinson Humphrey

FLORIDA POWER CORPORATION d/b/a
Progress Energy Florida, Inc.

Up to $750,000,000

Commercial Paper Notes

DEALER:

SunTrust Robinson Humphrey, Inc.

SUMMARY OF TERMS

Issuer:	Progress Energy Florida, Inc. (the "Company"), a Florida corporation. The Notes are not obligations of, nor guaranteed by, Progress Energy, Inc., the corporate parent of the Company.
Securities:	Authorized to a maximum outstanding of $750,000,000.
Exemption:	The Notes are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(3) thereof or any other applicable exemption available at the time the Notes are offered or sold.
Credit Ratings:	Ratings are based on current information furnished to the rating agencies by the Issuer and information obtained by the rating agencies from other sources. Because ratings may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, **a prospective purchaser should verify the current long-term and short-term ratings of the Issuer before purchasing any Notes**
Offering Price:	Par less a discount representing an interest factor or, if interest bearing, at par.
Minimum Purchase:	The Notes will be issued in minimum denominations of $100,000 and integral increments of $1,000 in excess thereof.
Maturities:	Up to 270 days from date of issue. The Notes will not be redeemable prior to maturity or be subject to voluntary prepayment.
Settlement:	Unless otherwise agreed to, same day basis, in immediately available funds.

Form of Issuance:	The Notes will be issued and purchases thereof will be recorded only through the book-entry system of The Depository Trust Company ("DTC"). Beneficial owners will not receive certificates representing their ownership interest in the Notes. The face amount of each Note will be paid upon maturity in immediately available funds to DTC. The Company has been advised by DTC that upon receipt of such payment, DTC will credit, on its book-entry records and transfer system, the accounts of the DTC participants through whom Notes are directly or indirectly owned. Payments by DTC to its participants and by such participants to owners of the Notes or their representatives will be governed by customary practices and standing instructions and will be the sole responsibility of DTC, such DTC participants or such representatives, respectively.
Use of Proceeds:	The Company intends to use the proceeds of the sale of Notes to meet current working capital and other corporate purposes
Bank Facilities:	The Company has a revolving credit facility to support the sale of commercial paper and for other general corporate borrowing purposes.
Issuing & Paying Agent:	JPMorgan Chase Bank, NA

COMPANY INFORMATION

Progress Energy Florida, Inc. is a regulated public utility founded in Florida in 1899 and is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. At December 31, 2009, the Company had a total summer generating capacity (including jointly owned capacity) of 10,013 MW.

The Company's service territory covers approximately 20,000 square miles in west central Florida, and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. The Company is interconnected with 22 municipal and 9 rural electric cooperative systems. At December 31, 2009, the Company was providing electric services, retail and wholesale, to approximately 1.6 million customers. Major wholesale power sales customers include Seminole Electric Cooperative, Inc., Florida Municipal Power Agency, the city of Gainesville, Tampa Electric Company, and Reedy Creek Improvement District. PEF is subject to the rules and regulations of the Federal Energy Regulatory Commission, the Florida Public Service Commission and the .Nuclear Regulatory Commission.

ADDITIONAL INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information may be inspected without charge at the public reference facilities maintained by the Commission at 100 F Street, NE, Washington, D.C. 20549. Copies thereof may be obtained from the Commission upon payment of the prescribed fees. If available, such reports and other information may also be accessed through the Commission's electronic data gathering, analysis and retrieval system ("EDGAR"), including via the Commission's web site on the Internet (http://www.sec.gov). This website URL is an inactive textual reference only.

DOCUMENTS INCORPORATED BY REFERENCE

The Company files important information, including risk factors, with the SEC, and is incorporating those filings by reference into this Offering Memorandum. The information incorporated by reference is an important part of this Offering Memorandum, and the information filed later with the SEC will automatically update and supersede the information in this Offering Memorandum. The Company incorporates by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until termination of the offering of the Notes; provided, however, that any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K is not incorporated, unless and, to the extent, specified as "filed" in any such Current Report on Form 8-K.

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- Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2010
- Current Reports on Form 8-K filed March 19, March 25, September 20, and October 20, 2010.

We frequently make our SEC filings on a joint basis with Progress Energy, Inc., our direct corporate parent, and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"), one of our affiliates. Any information included in such SEC filings that relates solely to Progress Energy, Inc. or PEC is not and shall not be deemed to be incorporated by reference into this document

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THIS EXAMINATION SHOULD INCLUDE THE REVIEW OF INFORMATION THE COMPANY HAS MADE PUBLICLY AVAILABLE THAT EXPLAINS THE NATURE OF THE BUSINESS OF THE COMPANY, INCLUDING VARIOUS RISKS OF INVESTING IN THE COMPANY AND ITS SECURITIES. ***YOUR INVESTMENT DECISION SHOULD NOT BE BASED SOLELY ON THIS ANNOUNCEMENT SINCE IT IS NOT INTENDED TO BE A COMPLETE EXPLANATION OF THE NATURE AND RISKS OF INVESTING IN THE COMPANY AND ITS NOTES.*** THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. NEITHER SUNTRUST ROBINSON HUMPHREY, INC. NOR ANY OF ITS AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR REFERRED TO HEREIN.

THE DEALER

SunTrust Robinson Humphrey, Inc. ("STRH") and its affiliates may perform various investment banking, commercial banking and financial advisory services from time to time for the Company and its affiliates. An affiliate of STRH may be a lender to the Company and proceeds from sales of the Notes may be used to repay indebtedness owed to such lending affiliate. Prospective purchasers of the Notes are advised that STRH has no obligation to disclose any non-public information concerning the Company and its affiliates that may be furnished to STRH and its affiliates in connection with performing such services.

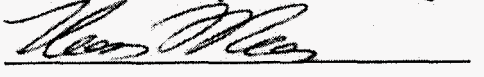
If you require any other information or have any questions, please contact the Dealer at:

SunTrust Robinson Humphrey, Inc.
Commercial Paper Desk
Attention: Matt Vincent
3333 Peachtree Road NE, 11th Floor
Atlanta, Georgia 30302
Phone: (404) 926-5498
Fax: (404) 926-5534

The information under the caption "The Dealer" is particular to STRH. All other information contained in this memorandum has been furnished and approved by the Company.

OFFERING MEMORANDUM APPROVAL

Issuer: Florida Power Corporation d/b/a Progress Energy Florida

By: 

Name: Thomas F. Moses

Title: Assistant Treasurer

Date: 11/10/10

EXHIBIT (1)-I

This instrument was prepared
under the supervision of:
R. Alexander Glenn, General Counsel
Florida Power Corporation
d/b/a Progress Energy Florida, Inc.
299 First Avenue North
St. Petersburg, Florida 33701

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

TO

THE BANK OF NEW YORK MELLON, TRUSTEE

FORTY-NINTH
SUPPLEMENTAL INDENTURE

Dated as of March 1, 2010

This is a security agreement covering personal property as well as a mortgage upon real estate and other property.

SUPPLEMENT TO INDENTURE
DATED AS OF JANUARY 1, 1944, AS SUPPLEMENTED

NOTE TO RECORDER: Nonrecurring Intangible Taxes and Documentary Stamp Taxes have been collected by the Pinellas County Circuit Court Clerk. With respect to the Nonrecurring Intangible Taxes due, the Intangible Tax Base was calculated in compliance with Subsections (1) and (2) of Section 199.133 of the Florida Statutes and is $71,640,000.

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* The headings listed in this Table of Contents are for convenience only and should not be included for substantive purposes as part of this Supplemental Indenture.

RECITALS

SUPPLEMENTAL INDENTURE, dated as of the 1st day of March 2010, made and entered into by and between **FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.**, a corporation of the State of Florida (hereinafter sometimes called the "Company"), party of the first part, and **THE BANK OF NEW YORK MELLON** (formerly known of record as The Bank of New York), a New York banking corporation, whose post office address is 101 Barclay Street, New York, New York 10286, (hereinafter sometimes called the "Trustee"), as Trustee, party of the second part.

WHEREAS, the Company has heretofore executed and delivered an indenture of mortgage and deed of trust, titled the Indenture, dated as of January 1, 1944, and the same has been recorded in the public records and on the dates listed on **Exhibit A** hereto, and for the purpose of preventing the extinguishment of said Indenture under Chapter 712, Florida Statutes, the above-referred-to Indenture applicable to each county in which this instrument is recorded is hereby incorporated herein and made a part hereof by this reference thereto (said Indenture is hereinafter referred to as the "Original Indenture" and with the below-mentioned forty-eight Supplemental Indentures and this Supplemental Indenture and all other indentures, if any, supplemental to the Original Indenture collectively referred to as the "Indenture"), in and by which the Company conveyed and mortgaged to the Trustee certain property therein described to secure the payment of all bonds of the Company to be issued thereunder in one or more series; and

WHEREAS, pursuant to and under the terms of the Original Indenture, the Company issued $16,500,000 First Mortgage Bonds, 3 3/8% Series due 1974; and

WHEREAS, subsequent to the date of the execution and delivery of the Original Indenture, the Company has from time to time executed and delivered forty-eight indentures supplemental to the Original Indenture (collectively, the "Supplemental Indentures"), providing for the creation of additional series of bonds secured by the Original Indenture and/or for amendment of certain terms and provisions of the Original Indenture and of indentures supplemental thereto, such Supplemental Indentures, and the purposes thereof, being as follows:

Supplemental Indenture and Date	**Providing for:**
First July 1, 1946	$4,000,000 First Mortgage Bonds, 2 7/8% Series due 1974
Second November 1, 1948	$8,500,000 First Mortgage Bonds, 3 1/4% Series due 1978
Third July 1, 1951	$14,000,000 First Mortgage Bonds, 3 3/8% Series due 1981
Fourth November 1, 1952	$15,000,000 First Mortgage Bonds, 3 3/8% Series due 1982
Fifth November 1, 1953	$10,000,000 First Mortgage Bonds, 3 5/8% Series due 1983

Supplemental Indenture and Date	Providing for:
Sixth July 1, 1954	$12,000,000 First Mortgage Bonds, 3 1/8% Series due 1984
Seventh July 1, 1956	$20,000,000 First Mortgage Bonds, 3 7/8% Series due 1986, and amendment of certain provisions of the Original Indenture
Eighth July 1, 1958	$25,000,000 First Mortgage Bonds, 4 1/8% Series due 1988, and amendment of certain provisions of the Original Indenture
Ninth October 1, 1960	$25,000,000 First Mortgage Bonds, 4 3/4% Series due 1990
Tenth May 1, 1962	$25,000,000 First Mortgage Bonds, 4 1/4% Series due 1992
Eleventh April 1, 1965	$30,000,000 First Mortgage Bonds, 4 5/8% Series due 1995
Twelfth November 1, 1965	$25,000,000 First Mortgage Bonds, 4 7/8% Series due 1995
Thirteenth August 1, 1967	$25,000,000 First Mortgage Bonds, 6 1/8% Series due 1997
Fourteenth November 1, 1968	$30,000,000 First Mortgage Bonds, 7% Series due 1998
Fifteenth August 1, 1969	$35,000,000 First Mortgage Bonds, 7 7/8% Series due 1999
Sixteenth February 1, 1970	Amendment of certain provisions of the Original Indenture
Seventeenth November 1, 1970	$40,000,000 First Mortgage Bonds, 9% Series due 2000
Eighteenth October 1, 1971	$50,000,000 First Mortgage Bonds, 7 3/4% Series due 2001
Nineteenth June 1, 1972	$50,000,000 First Mortgage Bonds, 7 3/8% Series due 2002
Twentieth November 1, 1972	$50,000,000 First Mortgage Bonds, 7 1/4% Series A due 2002
Twenty-First June 1, 1973	$60,000,000 First Mortgage Bonds, 7 3/4% Series due 2003
Twenty-Second December 1, 1973	$70,000,000 First Mortgage Bonds, 8% Series A due 2003
Twenty-Third October 1, 1976	$80,000,000 First Mortgage Bonds, 8 3/4% Series due 2006
Twenty-Fourth April 1, 1979	$40,000,000 First Mortgage Bonds, 6 3/4-6 7/8% Series due 2004-2009
Twenty-Fifth April 1, 1980	$100,000,000 First Mortgage Bonds, 13 5/8% Series due 1987
Twenty-Sixth November 1, 1980	$100,000,000 First Mortgage Bonds, 13.30% Series A due 1990

Supplemental Indenture and Date	Providing for:
Twenty-Seventh November 15, 1980	$38,000,000 First Mortgage Bonds, 10-10 1/4% Series due 2000-2010
Twenty-Eighth May 1, 1981	$50,000,000 First Mortgage Bonds, 9 1/4% Series A due 1984
Twenty-Ninth September 1, 1982	Amendment of certain provisions of the Original Indenture
Thirtieth October 1, 1982	$100,000,000 First Mortgage Bonds, 13 1/8% Series due 2012
Thirty-First November 1, 1991	$150,000,000 First Mortgage Bonds, 8 5/8% Series due 2021
Thirty-Second December 1, 1992	$150,000,000 First Mortgage Bonds, 8% Series due 2022
Thirty-Third December 1, 1992	$75,000,000 First Mortgage Bonds, 6 1/2% Series due 1999
Thirty-Fourth February 1, 1993	$80,000,000 First Mortgage Bonds, 6-7/8% Series due 2008
Thirty-Fifth March 1, 1993	$70,000,000 First Mortgage Bonds, 6-1/8% Series due 2003
Thirty-Sixth July 1, 1993	$110,000,000 First Mortgage Bonds, 6% Series due 2003
Thirty-Seventh December 1, 1993	$100,000,000 First Mortgage Bonds, 7% Series due 2023
Thirty-Eighth July 25, 1994	Appointment of First Chicago Trust Company of New York as successor Trustee and resignation of former Trustee and Co-Trustee
Thirty-Ninth July 1, 2001	$300,000,000 First Mortgage Bonds, 6.650% Series due 2011
Fortieth July 1, 2002	$240,865,000 First Mortgage Bonds in three series as follows: (i) $108,550,000 Pollution Control Series 2002A Bonds due 2027; (ii) $100,115,000 Pollution Control Series 2002B Bonds due 2022; and (iii) $32,200,000 Pollution Control Series 2002C Bonds due 2018; and reservation of amendment of certain provisions of the Original Indenture
Forty-First February 1, 2003	$650,000,000 First Mortgage Bonds in two series as follows: (i) $425,000,000 4.80% Series due 2013 and (ii) $225,000,000 5.90% Series due 2033; and reservation of amendment of certain provisions of the Original Indenture

Supplemental Indenture and Date	Providing for:
Forty-Second April 1, 2003	Amendment of certain provisions of the Original Indenture; appointment of Bank One, N.A. as successor Trustee and resignation of former Trustee; and reservation of amendment of certain provisions of the Original Indenture
Forty-Third November 1, 2003	$300,000,000 First Mortgage Bonds, 5.10% Series due 2015; and reservation of amendment of certain provisions of the Original Indenture
Forty-Fourth August 1, 2004	Amendment of certain provisions of the Original Indenture
Forty-Fifth May 1, 2005	$300,000,000 First Mortgage Bonds, 4.50% Series due 2010
Forty-Sixth September 1, 2007	$750,000,000 First Mortgage Bonds in two series as follows: (i) $250,000,000 5.80% Series due 2017 and (ii) $500,000,000 6.35% Series due 2037
Forty-Seventh December 1, 2007	Appointment of The Bank of New York Mellon as successor Trustee and resignation of former Trustee
Forty-Eighth June 1, 2008	$1,500,000,000 First Mortgage Bonds in two series as follows: (i) $500,000,000 5.65% Series due 2018 and (ii) $1,000,000,000 6.40% Series due 2038

WHEREAS, the Supplemental Indentures have each been recorded in the public records of the counties listed on **Exhibit A** hereto, on the dates and in the official record books and at the page numbers listed thereon; and

WHEREAS, subsequent to the date of the execution and delivery of the Forty-Eighth Supplemental Indenture the Company has purchased, constructed or otherwise acquired certain property hereinafter referred to, and the Company desires by this Supplemental Indenture to confirm the lien of the Original Indenture on such property; and

WHEREAS, pursuant to the Forty-Seventh Supplemental Indenture, JPMorgan Chase Bank, N.A., resigned as Trustee and The Bank of New York Mellon was appointed as the successor Trustee, effective December 13, 2007; and

WHEREAS, The Bank of New York Mellon is eligible and qualified to serve as Trustee under the Indenture; and

WHEREAS, the Company desires by this Supplemental Indenture to create two new series of bonds to be designated as (i) First Mortgage Bonds, 4.55% Series due 2020 (the "2020 Bonds") and (ii) First Mortgage Bonds, 5.65% Series due 2040 (the "2040 Bonds" and together with the 2020 Bonds, sometimes herein collectively called the "New Series Bonds"), to be issued under

the Original Indenture pursuant to Section 2.01 of the Original Indenture, and also desires to deliver to the Trustee prior to or simultaneously with the authentication and delivery of the initial issue of Six Hundred Million Dollars ($600,000,000) principal amount of New Series Bonds pursuant to Section 4.03 of the Original Indenture the documents and instruments required by said section; and

WHEREAS, the Company in the exercise of the powers and authority conferred upon and reserved to it under and by virtue of the Indenture, and pursuant to the resolutions of its Board of Directors (as defined in the Indenture, which definition includes any duly authorized committee of the Board of Directors, including the First Mortgage Bond Indenture Committee of the Board of Directors) has duly resolved and determined to make, execute and deliver to the Trustee a Supplemental Indenture in the form hereof for the purposes herein provided; and

WHEREAS, all conditions and requirements necessary to make this Supplemental Indenture a valid, binding and legal instrument in accordance with its terms have been done, performed and fulfilled, and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH: That Florida Power Corporation d/b/a Progress Energy Florida, Inc., in consideration of the premises and of One Dollar ($1.00) and other good and valuable consideration to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, and in order to secure the payment of both the principal of and interest and premium, if any, on the bonds from time to time issued and to be issued under the Indenture, according to their tenor and effect, does hereby confirm the grant, sale, resale, conveyance, assignment, transfer, mortgage and pledge of the property described in the Original Indenture and the Supplemental Indentures (except such properties or interests therein as may have been released or sold or disposed of in whole or in part as permitted by the provisions of the Original Indenture), and hath granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents doth grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto The Bank of New York Mellon, as Trustee, and to its successors in the trust and to its successors and assigns, forever, all property, real, personal and mixed, tangible and intangible, owned by the Company on the date of the execution of this Supplemental Indenture or which may be hereafter acquired by it, including (but not limited to) all property which it has acquired subsequent to the date of execution of the Forty-Eighth Supplemental Indenture and situated in the State of Florida, including without limitation the property described on **Exhibit B** hereto (in all cases, except such property as is expressly excepted by the Original Indenture from the lien and operation thereof); and without in any way limiting or impairing by the enumeration of the same the scope and intent of the foregoing, all lands, power sites, flowage rights, water rights, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts and all other rights or means for appropriating, conveying, storing and supplying water; all rights of way and roads; all plants for the generation of electricity by steam, water and/or other power; all power houses, facilities for utilization of natural gas, street lighting systems, if any, standards and other equipment incidental thereto, telephone, radio and television systems, microwave systems, facilities for utilization of water, steam heat and hot water plants, if any, all substations, lines, service and supply systems, bridges, culverts, tracks, offices, buildings and other structures and equipment and fixtures thereof; all machinery, engines, boilers,

dynamos, electric machines, regulators, meters, transformers, generators, motors, electrical and mechanical appliances, conduits, cables, pipes, fittings, valves and connections, poles (wood, metal and concrete), and transmission lines, wires, cables, conductors, insulators, tools, implements, apparatus, furniture, chattels, and choses in action; all municipal and other franchises, consents, licenses or permits; all lines for the distribution of electric current, gas, steam heat or water for any purpose including towers, poles (wood, metal and concrete), wires, cables, pipes, conduits, ducts and all apparatus for use in connection therewith; all real estate, lands, easements, servitudes, licenses, permits, franchises, privileges, rights-of-way and other rights in or relating to real estate or the use and occupancy of the same (except as herein or in the Original Indenture or any of the Supplemental Indentures expressly excepted); all the right, title and interest of the Company in and to all other property of any kind or nature appertaining to and/or used and/or occupied and/or enjoyed in connection with any property hereinbefore, or in the Original Indenture and said Supplemental Indentures, described.

IT IS HEREBY AGREED by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except any property herein or in the Original Indenture or any of the Supplemental Indentures expressly excepted) shall, subject to the provisions of Section 9.01 of the Original Indenture and to the extent permitted by law, be as fully embraced within the lien hereof as if such property, rights and franchises were now owned by the Company and/or specifically described herein and conveyed hereby.

TOGETHER WITH all and singular the tenements, hereditaments and appurtenances belonging or in any way appertaining to the aforesaid mortgaged property or any part thereof, with the reversion and reversions, remainder and remainders and (subject to the provisions of Section 9.01 of the Original Indenture) the tolls, rents, revenues, issues, earnings, income, product and profits thereof, and all the estate, right, title and interest and claim whatsoever, at law as well as in equity, which the Company now has or may hereafter acquire in and to the aforesaid mortgaged property and every part and parcel thereof.

TO HAVE AND TO HOLD THE SAME unto The Bank of New York Mellon, the Trustee, and its successors in the trust and its assigns forever, but **IN TRUST NEVERTHELESS** upon the terms and trusts set forth in the Indenture, for the benefit and security of those who shall hold the bonds and coupons issued and to be issued under the Indenture, without preference, priority or distinction as to lien of any of said bonds and coupons over any others thereof by reason or priority in the time of the issue or negotiation thereof, or otherwise howsoever, subject, however, to the provisions of Sections 10.03 and 10.12 of the Original Indenture.

SUBJECT, HOWEVER, to the reservations, exceptions, conditions, limitations and restrictions contained in the several deeds, servitudes and contracts or other instruments through which the Company acquired, and/or claims title to and/or enjoys the use of the aforesaid properties; and subject also to encumbrances of the character defined in the Original Indenture as "excepted encumbrances" in so far as the same may attach to any of the property embraced herein.

Without derogating from the security and priority presently afforded by the Indenture and by law for all of the bonds of the Company that have been, are being, and may in the future be, issued pursuant to the Indenture, for purposes of obtaining any additional benefits and security provided by Section 697.04 of the Florida Statutes, the following provisions of this paragraph shall be

applicable. The Indenture also shall secure the payment of both principal and interest and premium, if any, on the bonds from time to time hereafter issued pursuant to the Indenture, according to their tenor and effect, and the performance and observance of all the provisions of the Indenture (including any indentures supplemental thereto and any modification or alteration thereof made as therein provided), whether the issuance of such bonds may be optional or mandatory, and for any purpose, within twenty (20) years from the date of this Supplemental Indenture. The total amount of indebtedness secured by the Indenture may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed the maximum principal amount of $10,000,000,000, plus interest and premium, if any, as well as any disbursements made for the payment of taxes, levies or insurance on the property encumbered by the Indenture, with interest on those disbursements, plus any increase in the principal balance as the result of negative amortization or deferred interest. For purposes of Section 697.04 of the Florida Statutes, the Original Indenture, as well as all of the indentures supplemental thereto that have been executed prior to the date of this Supplemental Indenture, are incorporated herein by this reference with the same effect as if they had been set forth in full herein.

And, upon the consideration hereinbefore set forth, the Company does hereby covenant and agree to and with the Trustee and its successors in trust under the Indenture for the benefit of those who shall hold bonds and coupons issued and to be issued under the Indenture, as follows:

ARTICLE I

THE NEW SERIES BONDS

A. FIRST MORTGAGE BONDS, 4.55% SERIES DUE 2020

Section 1. The Company hereby creates a new series of bonds, not limited in principal amount except as provided in the Original Indenture, to be issued under and secured by the Original Indenture, to be designated by the title "First Mortgage Bonds, 4.55% Series due 2020." The initial issue of the 2020 Bonds shall consist of Two Hundred Fifty Million Dollars ($250,000,000) principal amount thereof. Subject to the terms of the Indenture, the principal amount of the 2020 Bonds is unlimited. The Company may, at its option in the future, issue additional 2020 Bonds.

The 2020 Bonds shall be issued only as registered bonds without coupons in the denomination of Two Thousand Dollars ($2,000) and any integral multiple of One Thousand Dollars ($1,000) above that amount.

Section 2. (a) The 2020 Bonds shall be issued in registered form without coupons and shall be issued initially in the form of one or more Global Bonds (each such Global Bond, a "2020 Global Bond") to or on behalf of The Depository Trust Company ("DTC"), as Depositary therefor, and registered in the name of such Depositary or its nominee. Any 2020 Bonds to be issued or transferred to, or to be held by or on behalf of DTC as such Depositary or such nominee (or any successor of such nominee) for such purpose shall bear the depositary legends in substantially the form set forth at the top of the form of the 2020 Bonds in Section C of this Article I, unless otherwise agreed by the Company, and in the case of a successor Depositary, such legend or legends as such Depositary and/or the Company shall require and to which each shall agree, in

each case such agreement to be confirmed in writing to the Trustee. Principal of, and interest on, the 2020 Bonds and the Make-Whole Redemption Price (as defined below), if applicable, will be payable, the transfer of the 2020 Bonds will be registrable and the 2020 Bonds will be exchangeable for the 2020 Bonds bearing identical terms and provisions, at the office or agency of the Company in the Borough of Manhattan, The City and State of New York; *provided, however,* that payment of interest may be made at the option of the Company by check mailed to the registered holders thereof at their registered address; and *further provided, however,* that with respect to a 2020 Global Bond, the Company may make payments of principal of, and interest on, the 2020 Global Bond and the Make-Whole Redemption Price, if applicable, and interest on such 2020 Global Bond pursuant to and in accordance with such arrangements as are agreed upon by the Company and the Depositary for such 2020 Global Bond. The New Series Bonds shall have the terms set forth in the form of the New Series Bond set forth in Section C of this Article I.

(b) Notwithstanding any other provision of this Subsection A.2 of this Article I or of Section 2.03 of the Original Indenture, except as contemplated by the provisions of paragraph (c) below, a 2020 Global Bond may be transferred, in whole but not in part and in the manner provided in Section 2.03 of the Original Indenture, only to a nominee of the Depositary for such 2020 Global Bond, or to the Depositary, or to a successor Depositary for such 2020 Global Bond selected or approved by the Company, or to a nominee of such successor Depositary.

(c) (1) If at any time the Depositary for a 2020 Global Bond notifies the Company that it is unwilling or unable to continue as the Depositary for such 2020 Global Bond or if at any time the Depositary for a 2020 Global Bond shall no longer be eligible or in good standing under any applicable statute or regulation, the Company shall appoint a successor Depositary with respect to such 2020 Global Bond. If a successor Depositary for such 2020 Global Bond is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company will execute, and the Trustee, upon receipt of a Company order for the authentication and delivery of 2020 Bonds in the form of definitive certificates in exchange for such 2020 Global Bond, will authenticate and deliver, without service charge, 2020 Bonds in the form of definitive certificates of like tenor and terms in an aggregate principal amount equal to the principal amount of the 2020 Global Bond in exchange for such 2020 Global Bond. Such 2020 Bonds will be issued to and registered in the name of such person or persons as are specified by the Depositary.

(2) The Company may at any time and in its sole discretion determine that any 2020 Bonds issued or issuable in the form of one or more 2020 Global Bonds shall no longer be represented by such 2020 Global Bond or Bonds. In any such event the Company will execute, and the Trustee, upon receipt of a Company order for the authentication and delivery of 2020 Bonds in the form of definitive certificates in exchange in whole or in part for such 2020 Global Bond or Bonds, will authenticate and deliver, without service charge, to each person specified by the Depositary, 2020 Bonds in the form of definitive certificates of like tenor and terms in an aggregate principal amount equal to the principal amount of such 2020 Global Bond or the aggregate principal amount of such 2020 Global Bonds in exchange for such 2020 Global Bond or Bonds.

(3) If the Company so elects in an officer's certificate, the Depositary may surrender 2020 Bonds issued in the form of a 2020 Global Bond in exchange in whole or in part for 2020 Bonds in the form of definitive certificates of like tenor and terms on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and deliver, without service charge, (A) to each person specified by such Depositary a new 2020 Bond or Bonds of like tenor and terms and any authorized denomination as requested by such person in aggregate principal amount equal to and in exchange for such person's beneficial interest in the 2020 Global Bond; and (B) to such Depositary a new 2020 Global Bond of like tenor and terms and in an authorized denomination equal to the difference, if any, between the principal amount of the surrendered 2020 Global Bond and the aggregate principal amount of 2020 Bonds delivered to holders thereof.

(4) In any exchange provided for in any of the preceding three subparagraphs, the Company shall execute and the Trustee shall authenticate and deliver 2020 Bonds in the form of definitive certificates in authorized denominations. Upon the exchange of the entire principal amount of a 2020 Global Bond for 2020 Bonds in the form of definitive certificates, such 2020 Global Bond shall be canceled by the Trustee. Except as provided in the immediately preceding subparagraph, 2020 Bonds issued in exchange for a 2020 Global Bond pursuant to Subsection A.2 of this Article I shall be registered in such names and in such authorized denominations as the Depositary for such 2020 Global Bond, acting pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Provided that the Company and the Trustee have so agreed, the Trustee shall deliver such 2020 Bonds to the persons in whose names the 2020 Bonds are so to be registered.

(5) Any endorsement of a 2020 Global Bond to reflect the principal amount thereof, or any increase or decrease in such principal amount, shall be made in such manner and by such person or persons as shall be specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2020 Global Bond or in the Company order delivered or to be delivered pursuant to Section 4.07 of the Original Indenture with respect thereto. Subject to the provisions of Section 4.07 of the Original Indenture, the Trustee shall deliver and redeliver any such 2020 Global Bond in the manner and upon instructions given by the person or persons specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2020 Global Bond or in any applicable Company order. If a Company order pursuant to Section 4.07 of the Original Indenture is so delivered, any instructions by the Company with respect to such 2020 Global Bond contained therein shall be in writing but need not be accompanied by or contained in an officer's certificate and need not be accompanied by an opinion of counsel.

(6) The Depositary or, if there be one, its nominee, shall be the holder of a 2020 Global Bond for all purposes under the Indenture and the 2020 Bonds and beneficial owners with respect to such 2020 Global Bond shall hold their interests pursuant to applicable procedures of such Depositary. The Company, the Trustee and any bond registrar shall be entitled to deal with such Depositary for all purposes of the Indenture relating to such 2020 Global Bond (including the payment of principal, the Make-Whole Redemption Price, if applicable, and interest and the giving of instructions or directions by or to the beneficial owners of such 2020 Global Bond as the sole holder of such 2020 Global Bond and shall have no obligations to the beneficial owners

thereof (including any direct or indirect participants in such Depositary)). None of the Company, the Trustee, any paying agent or bond registrar shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a beneficial owner in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2020 Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 3. March 25, 2010 shall be the date of the beginning of the first interest period for the 2020 Bonds. The first Interest Payment Date (as defined below) shall be October 1, 2010. The 2020 Bonds shall be dated as provided in Section 2.01 of the Original Indenture. The 2020 Bonds shall be payable on April 1, 2020, in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts, and shall bear interest, payable in like coin or currency, at the rate of 4.55% per annum, payable semiannually on April 1 and October 1 of each year (each an "Interest Payment Date") to the persons in whose names the 2020 Bonds are registered at the close of business on the tenth calendar day next preceding the Interest Payment Date (i.e., March 22 and September 21, respectively) (each a "Regular Record Date"), *provided, however,* that so long as the 2020 Bonds are registered in the name of DTC, its nominee or a successor depository, the Regular Record Date for interest payable on any Interest Payment Date shall be the close of business on the business day immediately preceding such Interest Payment Date (each subject to certain exceptions provided in this Supplemental Indenture and the Indenture), until maturity, according to the terms of the bonds or on prior redemption or by declaration or otherwise, and at the highest rate of interest borne by any of the bonds outstanding under the Indenture from such date of maturity until they shall be paid or payment thereof shall have been duly provided for. Principal of, and interest on, the 2020 Bonds and the Make-Whole Redemption Price, if applicable, shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York; *provided, however*, that payment of interest may be made, at the option of the Company, by check mailed by the Company or its affiliate to the person entitled thereto at his registered address. If a due date for the payment of interest, principal or the Make-Whole Redemption Price, if applicable, falls on a day that is not a business day, then the payment will be made on the next succeeding business day, and no interest will accrue on the amounts payable for the period from and after the original due date and until the next business day. The term "business day" means any day other than a Saturday or Sunday or day on which banking institutions in the City of New York are required or authorized to close.

The 2020 Bonds may be redeemed at the option of the Company in whole at any time, or in part from time to time, prior to maturity, at a make-whole redemption price (the "Make-Whole Redemption Price"). The Make-Whole Redemption Price shall be equal to the greater of (i) 100% of the principal amount of the 2020 Bonds being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2020 Bonds being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus in each case accrued and unpaid interest on the principal amount being redeemed to the redemption date.

"Comparable Treasury Issue," means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated

maturity comparable to the remaining term of the 2020 Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2020 Bonds.

"Comparable Treasury Price," means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker," means one of the Reference Treasury Dealer(s) (as defined below) selected by the Company.

"Reference Treasury Dealer," means Bank of America Securities LLC or J.P. Morgan Securities Inc., and their respective successors, and one additional primary U.S. Government securities dealer in The City of New York (each a "primary treasury dealer") selected by the Company. If any Reference Treasury Dealer shall cease to be a primary treasury dealer, the Company will substitute another primary treasury dealer for that dealer.

"Reference Treasury Dealer Quotations," means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Treasury Rate," means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

So long as the 2020 Bonds are registered in the name of DTC, its nominee or a successor depositary, if the Company elects to redeem less than all of the 2020 Bonds, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2020 Bonds to be redeemed. At all other times, the Trustee shall draw by lot, in such manner as it deems appropriate, the particular 2020 Bonds, or portions of them, to be redeemed.

The 2020 Bonds shall also be redeemable, as a whole but not in part, at the Make-Whole Redemption Price in the event that (i) all the outstanding common stock of the Company shall be acquired by some governmental body or instrumentality and the Company elects to redeem all of the bonds of all series, the redemption date in any such event to be not more than one hundred twenty (120) days after the date on which all said stock is so acquired or (ii) all, or substantially all, the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the Indenture as a first lien shall be released from the lien of the Indenture pursuant to the provisions thereof, and available moneys in the hands of the Trustee, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the bonds of all series at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Notice of redemption shall be given by mail not less than 30 nor more than 90 days prior to the date fixed for redemption to the holders of 2020 Bonds to be redeemed (which, as long as the 2020 Bonds are held in the book-entry only system, will be the Depository, its nominee or a successor depository). On and after the date fixed for redemption (unless the Company defaults in the payment of the Make-Whole Redemption Price and interest accrued thereon to such date), interest on the 2020 Bonds or the portions of them so called for redemption shall cease to accrue. If the Company elects to redeem any 2020 Bonds, the Company will notify the Trustee of its election at least 45 days prior to the redemption date (or a shorter period acceptable to the Trustee) including in such notice, a reasonably detailed computation of the Make-Whole Redemption Price.

The 2020 Bonds of the several denominations are exchangeable for a like aggregate principal amount of other 2020 Bonds of other authorized denominations. Notwithstanding the provisions of Section 2.03 of the Original Indenture, for any exchange of the 2020 Bonds for other 2020 Bonds of different authorized denominations, or for any transfer of 2020 Bonds, the Company may require the payment of a sum sufficient to reimburse it for any tax or other governmental charge incident thereto only. The 2020 Bonds may be presented for transfer or exchange at the corporate trust office of the Trustee in New York, New York.

B. FIRST MORTGAGE BONDS, 5.65% SERIES DUE 2040

Section 1. The Company hereby creates a new series of bonds, not limited in principal amount except as provided in the Original Indenture, to be issued under and secured by the Original Indenture, to be designated by the title "First Mortgage Bonds, 5.65% Series due 2040." The initial issue of the 2040 Bonds shall consist of Three Hundred Fifty Million Dollars ($350,000,000) principal amount thereof. Subject to the terms of the Indenture, the principal amount of the 2040 Bonds is unlimited. The Company may, at its option in the future, issue additional 2040 Bonds.

The 2040 Bonds shall be issued only as registered bonds without coupons in the denomination of Two Thousand Dollars ($2,000) and any integral multiple of One Thousand Dollars ($1,000) above that amount.

Section 2. (a) The 2040 Bonds shall be issued in registered form without coupons and shall be issued initially in the form of one or more Global Bonds (each such Global Bond, a "2040 Global Bond") to or on behalf of The Depository Trust Company ("DTC"), as Depositary therefor, and registered in the name of such Depositary or its nominee. Any 2040 Bonds to be issued or transferred to, or to be held by or on behalf of DTC as such Depositary or such nominee (or any successor of such nominee) for such purpose shall bear the depositary legends in substantially the form set forth at the top of the form of the 2040 Bonds in Section C of this Article I, unless otherwise agreed by the Company, and in the case of a successor Depositary, such legend or legends as such Depositary and/or the Company shall require and to which each shall agree, in each case such agreement to be confirmed in writing to the Trustee. Principal of, and interest on, the 2040 Bonds and the Make-Whole Redemption Price (as defined below), if applicable, will be payable, the transfer of the 2040 Bonds will be registrable and the 2040 Bonds will be exchangeable for the 2040 Bonds bearing identical terms and provisions, at the office or agency of the Company in the Borough of Manhattan, The City and State of New York; *provided,*

however, that payment of interest may be made at the option of the Company by check mailed to the registered holders thereof at their registered address; and *further provided, however,* that with respect to a 2040 Global Bond, the Company may make payments of principal of, and interest on, the 2040 Global Bond and the Make-Whole Redemption Price, if applicable, and interest on such 2040 Global Bond pursuant to and in accordance with such arrangements as are agreed upon by the Company and the Depositary for such 2040 Global Bond. The 2040 Bonds shall have the terms set forth in the form of the 2040 Bond set forth in Section C of this Article I.

(b) Notwithstanding any other provision of this Subsection B.2 of this Article I or of Section 2.03 of the Original Indenture, except as contemplated by the provisions of paragraph (c) below, a 2040 Global Bond may be transferred, in whole but not in part and in the manner provided in Section 2.03 of the Original Indenture, only to a nominee of the Depositary for such 2040 Global Bond, or to the Depositary, or to a successor Depositary for such 2040 Global Bond selected or approved by the Company, or to a nominee of such successor Depositary.

(c) (1) If at any time the Depositary for a 2040 Global Bond notifies the Company that it is unwilling or unable to continue as the Depositary for such 2040 Global Bond or if at any time the Depositary for a 2040 Global Bond shall no longer be eligible or in good standing under any applicable statute or regulation, the Company shall appoint a successor Depositary with respect to such 2040 Global Bond. If a successor Depositary for such 2040 Global Bond is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company will execute, and the Trustee, upon receipt of a Company order for the authentication and delivery of 2040 Bonds in the form of definitive certificates in exchange for such 2040 Global Bond, will authenticate and deliver, without service charge, 2040 Bonds in the form of definitive certificates of like tenor and terms in an aggregate principal amount equal to the principal amount of the 2040 Global Bond in exchange for such 2040 Global Bond. Such 2040 Bonds will be issued to and registered in the name of such person or persons as are specified by the Depositary.

(2) The Company may at any time and in its sole discretion determine that any 2040 Bonds issued or issuable in the form of one or more 2040 Global Bonds shall no longer be represented by such 2040 Global Bond or Bonds. In any such event the Company will execute, and the Trustee, upon receipt of a Company order for the authentication and delivery of 2040 Bonds in the form of definitive certificates in exchange in whole or in part for such 2040 Global Bond or Bonds, will authenticate and deliver, without service charge, to each person specified by the Depositary, 2040 Bonds in the form of definitive certificates of like tenor and terms in an aggregate principal amount equal to the principal amount of such 2040 Global Bond or the aggregate principal amount of such 2040 Global Bonds in exchange for such 2040 Global Bond or Bonds.

(3) If the Company so elects in an officer's certificate, the Depositary may surrender 2040 Bonds issued in the form of a 2040 Global Bond in exchange in whole or in part for 2040 Bonds in the form of definitive certificates of like tenor and terms on such terms as are acceptable to the Company and such Depositary. Thereupon the Company shall execute, and the Trustee shall authenticate and deliver, without service charge, (A) to each person specified by such Depositary a new 2040 Bond or Bonds of like tenor and terms and any authorized denomination as requested by such person in aggregate principal amount equal to and in

exchange for such person's beneficial interest in the 2040 Global Bond; and (B) to such Depositary a new 2040 Global Bond of like tenor and terms and in an authorized denomination equal to the difference, if any, between the principal amount of the surrendered 2040 Global Bond and the aggregate principal amount of 2040 Bonds delivered to holders thereof.

(4) In any exchange provided for in any of the preceding three subparagraphs, the Company shall execute and the Trustee shall authenticate and deliver 2040 Bonds in the form of definitive certificates in authorized denominations. Upon the exchange of the entire principal amount of a 2040 Global Bond for 2040 Bonds in the form of definitive certificates, such 2040 Global Bond shall be canceled by the Trustee. Except as provided in the immediately preceding subparagraph, 2040 Bonds issued in exchange for a 2040 Global Bond pursuant to Subsection B.2 of this Article I shall be registered in such names and in such authorized denominations as the Depositary for such 2040 Global Bond, acting pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Provided that the Company and the Trustee have so agreed, the Trustee shall deliver such 2040 Bonds to the persons in whose names the 2040 Bonds are so to be registered.

(5) Any endorsement of a 2040 Global Bond to reflect the principal amount thereof, or any increase or decrease in such principal amount, shall be made in such manner and by such person or persons as shall be specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2040 Global Bond or in the Company order delivered or to be delivered pursuant to Section 4.07 of the Original Indenture with respect thereto. Subject to the provisions of Section 4.07 of the Original Indenture, the Trustee shall deliver and redeliver any such 2040 Global Bond in the manner and upon instructions given by the person or persons specified in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2040 Global Bond or in any applicable Company order. If a Company order pursuant to Section 4.07 of the Original Indenture is so delivered, any instructions by the Company with respect to such 2040 Global Bond contained therein shall be in writing but need not be accompanied by or contained in an officer's certificate and need not be accompanied by an opinion of counsel.

(6) The Depositary or, if there be one, its nominee, shall be the holder of a 2040 Global Bond for all purposes under the Indenture and the 2040 Bonds and beneficial owners with respect to such 2040 Global Bond shall hold their interests pursuant to applicable procedures of such Depositary. The Company, the Trustee and any bond registrar shall be entitled to deal with such Depositary for all purposes of the Indenture relating to such 2040 Global Bond (including the payment of principal, the Make-Whole Redemption Price, if applicable, and interest and the giving of instructions or directions by or to the beneficial owners of such 2040 Global Bond as the sole holder of such 2040 Global Bond and shall have no obligations to the beneficial owners thereof (including any direct or indirect participants in such Depositary)). None of the Company, the Trustee, any paying agent or bond registrar shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a beneficial owner in or pursuant to any applicable letter of representations or other arrangement entered into with, or procedures of, the Depositary with respect to such 2040 Global Bond or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 3. March 25, 2010 shall be the date of the beginning of the first interest period for the 2040 Bonds. The first Interest Payment Date (as defined below) shall be October 1, 2010. The 2040 Bonds shall be dated as provided in Section 2.01 of the Original Indenture. The 2040 Bonds shall be payable on April 1, 2040 in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts, and shall bear interest, payable in like coin or currency, at the rate of 5.65% per annum, payable semiannually on April 1 and October 1 of each year (each an "Interest Payment Date") to the persons in whose names the 2040 Bonds are registered at the close of business on the tenth calendar day next preceding the Interest Payment Date (i.e., March 22 and September 21, respectively) (each a "Regular Record Date"), *provided, however,* that so long as the 2040 Bonds are registered in the name of DTC, its nominee or a successor depository, the Regular Record Date for interest payable on any Interest Payment Date shall be the close of business on the business day immediately preceding such Interest Payment Date (each subject to certain exceptions provided in this Supplemental Indenture and the Indenture), until maturity, according to the terms of the bonds or on prior redemption or by declaration or otherwise, and at the highest rate of interest borne by any of the bonds outstanding under the Indenture from such date of maturity until they shall be paid or payment thereof shall have been duly provided for. Principal of, and interest on, the 2040 Bonds and the Make-Whole Redemption Price, if applicable, shall be payable at the office or agency of the Company in the Borough of Manhattan, The City of New York; *provided, however*, that payment of interest may be made, at the option of the Company, by check mailed by the Company or its affiliate to the person entitled thereto at his registered address. If a due date for the payment of interest, principal or the Make-Whole Redemption Price, if applicable, falls on a day that is not a business day, then the payment will be made on the next succeeding business day, and no interest will accrue on the amounts payable for the period from and after the original due date and until the next business day. The term "business day" means any day other than a Saturday or Sunday or day on which banking institutions in the City of New York are required or authorized to close.

The 2040 Bonds may be redeemed at the option of the Company in whole at any time, or in part from time to time, prior to maturity, at a make-whole redemption price (the "Make-Whole Redemption Price"). The Make-Whole Redemption Price shall be equal to the greater of (i) 100% of the principal amount of the 2040 Bonds being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the 2040 Bonds being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus in each case accrued and unpaid interest on the principal amount being redeemed to the redemption date.

"Comparable Treasury Issue," means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the 2040 Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2040 Bonds.

"Comparable Treasury Price," means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker," means one of the Reference Treasury Dealer(s) (as defined below) appointed by the Company.

"Reference Treasury Dealer," means Banc of America Securities LLC or J.P. Morgan Securities Inc., and their respective successors, and one additional primary U.S. Government securities dealer in The City of New York (each a "primary treasury dealer") selected by the Company. If any Reference Treasury Dealer shall cease to be a primary treasury dealer, the Company will substitute another primary treasury dealer for that dealer.

"Reference Treasury Dealer Quotations," means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Treasury Rate," means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

So long as the 2040 Bonds are registered in the name of DTC, its nominee or a successor depositary, if the Company elects to redeem less than all of the 2040 Bonds, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2040 Bonds to be redeemed. At all other times, the Trustee shall draw by lot, in such manner as it deems appropriate, the particular 2040 Bonds, or portions of them, to be redeemed.

The 2040 Bonds shall also be redeemable, as a whole but not in part, at the Make-Whole Redemption Price in the event that (i) all the outstanding common stock of the Company shall be acquired by some governmental body or instrumentality and the Company elects to redeem all of the bonds of all series, the redemption date in any such event to be not more than one hundred twenty (120) days after the date on which all said stock is so acquired or (ii) all, or substantially all, the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the Indenture as a first lien shall be released from the lien of the Indenture pursuant to the provisions thereof, and available moneys in the hands of the Trustee, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the bonds of all series at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Notice of redemption shall be given by mail not less than 30 nor more than 90 days prior to the date fixed for redemption to the holders of 2040 Bonds to be redeemed (which, as long as the 2040 Bonds are held in the book-entry only system, will be the Depository, its nominee or a successor depository). On and after the date fixed for redemption (unless the Company defaults in the payment of the Make-Whole Redemption Price and interest accrued thereon to such date), interest on the 2040 Bonds or the portions of them so called for redemption shall cease to accrue. If the Company elects to redeem any 2040 Bonds, the Company will notify the Trustee of its

election at least 45 days prior to the redemption date (or a shorter period acceptable to the Trustee) including in such notice, a reasonably detailed computation of the Make-Whole Redemption Price.

The 2040 Bonds of the several denominations are exchangeable for a like aggregate principal amount of other 2040 Bonds of other authorized denominations. Notwithstanding the provisions of Section 2.03 of the Original Indenture, for any exchange of the 2040 Bonds for other 2040 Bonds of different authorized denominations, or for any transfer of 2040 Bonds, the Company may require the payment of a sum sufficient to reimburse it for any tax or other governmental charge incident thereto only. The 2040 Bonds may be presented for transfer or exchange at the corporate trust office of the Trustee in New York, New York.

C. FORM OF THE NEW SERIES BONDS

The New Series Bonds shall be substantially in the following form, with such inclusions, omissions, and variations as the Board of Directors of the Company may determine in accordance with the provisions of the Indenture:

[FORM OF THE NEW SERIES BONDS]

[Insert applicable depositary legend or legends, which initially shall be the following:

THIS SECURITY IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS FIRST MORTGAGE BOND, ___% SERIES DUE 20__ MAY, UNDER CONDITIONS PROVIDED IN THE INDENTURE, BE EXCHANGED FOR FIRST MORTGAGE BONDS, ___% SERIES DUE 20__ IN THE FORM OF DEFINITIVE CERTIFICATES OF LIKE TENOR AND OF AN EQUAL AGGREGATE PRINCIPAL AMOUNT, IN AUTHORIZED DENOMINATIONS, REGISTERED IN THE NAMES OF SUCH PERSONS AS THE

DEPOSITARY SHALL INSTRUCT THE TRUSTEE. ANY SUCH EXCHANGE SHALL BE MADE UPON RECEIPT BY THE TRUSTEE OF AN OFFICER'S CERTIFICATE THEREFOR AND A WRITTEN INSTRUCTION FROM THE DEPOSITARY SETTING FORTH THE NAME OR NAMES IN WHICH THE TRUSTEE IS TO REGISTER SUCH FIRST MORTGAGE BONDS, ___% SERIES DUE 20__ IN THE FORM OF DEFINITIVE CERTIFICATES.]

REGISTERED BOND **CUSIP No. _____**

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.
(Incorporated under the laws of the State of Florida)

FIRST MORTGAGE BOND,
___% SERIES DUE 20__
DUE _____, 20__

No. _____ **$_____**

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC., a corporation of the State of Florida (hereinafter called the Company), for value received, hereby promises to pay to _____ or registered assigns, on _____ at the office or agency of the Company in the Borough of Manhattan, The City of New York, _____ Million Dollars ($___,000,000) in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts, and to pay interest thereon, semiannually on _____ and _____ of each year, commencing _____ __, 20__, to the person in whose name this bond is registered at the close of business on the tenth calendar day next preceding the interest payment date (i.e., _____ and _____, respectively), *provided, however*, that so long as this bond is registered in the name of The Depository Trust Company, its nominee or a successor depository, the record date for interest payable on any interest payment date shall be the close of business on the business day immediately preceding such interest payment date (each subject to certain exceptions provided in the Mortgage hereinafter mentioned), at the rate of ___ per annum, at said office or agency in like coin or currency, from the date hereof until this bond shall mature, according to its terms or on prior redemption or by declaration or otherwise, and at the highest rate of interest borne by any of the bonds outstanding under the Mortgage hereinafter mentioned from such date of maturity until this bond shall be paid or the payment hereof shall have been duly provided for; *provided, however*, that payment of interest may be made at the option of the Company by check mailed by the Company or its affiliate to the person entitled thereto at his registered address. If a due date for the payment of interest, principal, or the Make-Whole Redemption Price, if applicable, falls on a day that is not a business day, then the payment will be made on the next succeeding business day, and no interest will accrue on the amounts payable for the period from and after the original due date and until the next business day. The term "business day" means any day other than a Saturday or Sunday or day on which banking institutions in the City of New York are required or authorized to close.

Additional provisions of this bond are set forth on the reverse hereof and such provisions shall for all purposes have the same effect as though fully set forth at this place.

This bond shall not become valid or obligatory for any purpose until The Bank of New York Mellon, or its successor as Trustee under the Mortgage, shall have signed the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC. has caused this bond to be signed in its name by its President or one of its Vice Presidents by his signature or a facsimile thereof, and its corporate seal, or a facsimile thereof, to be affixed hereto and attested by its Secretary or one of its Assistant Secretaries by his signature or a facsimile thereof.

Dated: March __, 2010

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

By: _____
Name:
Title:

[SEAL]

Attest:

_____
Name:
Title:

TRUSTEE'S AUTHENTICATION CERTIFICATE

This bond is one of the bonds, of the series herein designated, described or provided for in the within-mentioned Mortgage.

THE BANK OF NEW YORK MELLON

By: _____
Name:
Title:

[TEXT APPEARING ON REVERSE SIDE OF BOND]

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

FIRST MORTGAGE BOND
___% SERIES DUE 20__
DUE _____, 20__

This bond is one of an issue of bonds of the Company (herein referred to as the bonds), not limited in principal amount except as provided in the Mortgage hereinafter mentioned, issuable in series, which different series may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Mortgage hereinafter mentioned, and is one of a series known as its First Mortgage Bonds, ___% Series due 20__ (herein referred to as the "Bonds of this Series"), all bonds of all series issued and to be issued under and equally and ratably secured (except insofar as any sinking or analogous fund, established in accordance with the provisions of the Mortgage hereinafter mentioned, may afford additional security for the bonds of any particular series) by an Indenture dated as of January 1, 1944 (the "Original Indenture" and herein, together with all indentures supplemental thereto including the Forty-Ninth Supplemental Indenture dated as of March 1, 2010 (the "Forty-Ninth Supplemental Indenture") between the Company and The Bank of New York Mellon, as Trustee, called the "Mortgage"), to which reference is made for the nature and extent of the security, the rights of the holders of bonds and of the Company in respect thereof, the rights, duties and immunities of the Trustee, and the terms and conditions upon which the bonds are, and are to be, issued and secured. The Mortgage contains provisions permitting the holders of not less than seventy-five per centum (75%) in principal amount of all the bonds at the time outstanding, determined and evidenced as provided in the Mortgage, or in case the rights under the Mortgage of the holders of bonds of one or more, but less than all, of the series of bonds outstanding shall be affected, the holders of not less than seventy-five per centum (75%) in principal amount of the bonds at the time outstanding of the series affected, determined and evidenced as provided in the Mortgage, on behalf of the holders of all the bonds to waive any past default under the Mortgage and its consequences except a completed default, as defined in the Mortgage, in respect of the payment of the principal of or interest on any bond or default arising from the creation of any lien ranking prior to or equal with the lien of the Mortgage on any of the mortgaged and pledged property. The Mortgage also contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than seventy-five per centum (75%) in principal amount of all the bonds at the time outstanding, determined and evidenced as provided in the Mortgage, or in case the rights under the Mortgage of the holders of bonds of one or more, but less than all, of the series of bonds outstanding shall be affected, then with the consent of the holders of not less than seventy-five per centum (75%) in principal amount of the bonds at the time outstanding of the series affected, determined and evidenced as provided in the Mortgage, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Mortgage or modifying in any manner the rights of the holders of the bonds and coupons; *provided, however,* that no such supplemental indenture shall (i) extend the fixed maturity of any bonds, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof, without the express consent of the holder of each bond so affected, or (ii) reduce the aforesaid percentage of bonds, the holders of which are required to

consent to any such supplemental indenture, without the consent of the holders of all bonds then outstanding, or (iii) permit the creation of any lien ranking prior to or equal with the lien of the Mortgage on any of the mortgaged and pledged property, or (iv) deprive the holder of any outstanding bond of the lien of the Mortgage on any of the mortgaged and pledged property. Any such waiver or consent by the registered holder of this bond (unless effectively revoked as provided in the Mortgage) shall be conclusive and binding upon such holder and upon all future holders of this bond, irrespective of whether or not any notation of such waiver or consent is made upon this bond. No reference herein to the Mortgage and no provision of this bond or of the Mortgage shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this bond at the time and place and at the rate and in the coin or currency herein prescribed.

The Bonds of this Series are issuable in denominations of Two Thousand Dollars ($2,000) and any integral multiple of One Thousand Dollars ($1,000) above that amount and are exchangeable for a like aggregate principal amount of Bonds of this Series of other authorized denominations. This bond is transferable as prescribed in the Mortgage by the registered holder hereof in person, or by his duly authorized attorney, at the office or agency of the Company in said Borough of Manhattan, The City of New York, upon surrender and cancellation of this bond, and upon payment, if the Company shall require it, of the transfer charges prescribed in the Forty-Ninth Supplemental Indenture hereinabove referred to, and thereupon a new fully registered bond or bonds of authorized denominations of the same series and for the same aggregate principal amount will be issued to the transferee in exchange herefor as provided in the Mortgage. The Company and the Trustee, any paying agent and any bond registrar may deem and treat the person in whose name this bond is registered as the absolute owner hereof, whether or not this bond shall be overdue, for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustee nor any paying agent nor any bond registrar shall be affected by any notice to the contrary.

The Bonds of this Series may be redeemed at the option of the Company in whole at any time, or in part from time to time, prior to maturity, at a make-whole redemption price (the "Make-Whole Redemption Price"). The Make-Whole Redemption Price shall be equal to the greater of (i) 100% of the principal amount of the Bonds of this Series being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on these New Series Bonds being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus ___ basis points, plus in each case accrued and unpaid interest on the principal amount being redeemed to the redemption date.

"Comparable Treasury Issue," means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the Bonds of this Series being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Bonds of this Series.

"Comparable Treasury Price," means, with respect to any redemption date the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker," means one of the Reference Treasury Dealer(s) (as defined below) appointed by the Company.

"Reference Treasury Dealer," means Banc of America Securities LLC or J.P. Morgan Securities Inc., and their respective successors, and one additional primary U.S. Government securities dealer in The City of New York (each a "primary treasury dealer") selected by the Company. If any Reference Treasury Dealer shall cease to be a primary treasury dealer, the Company will substitute another primary treasury dealer for that dealer.

"Reference Treasury Dealer Quotations," means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Treasury Rate," means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

So long as the Bonds of this Series are registered in the name of DTC, its nominee or a successor depositary, if the Company elects to redeem less than all of the Bonds of this Series, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of DTC in the Bonds of this Series to be redeemed. At all other times, the Trustee shall draw by lot, in such manner as it deems appropriate, the particular Bonds of this Series, or portions of them, to be redeemed.

The Bonds of this Series shall also be redeemable, as a whole but not in part, at the Make-Whole Redemption Price in the event that (i) all the outstanding common stock of the Company shall be acquired by some governmental body or instrumentality and the Company elects to redeem all of the bonds of all series, the redemption date in any such event to be not more than one hundred twenty (120) days after the date on which all said stock is so acquired or (ii) all or substantially all the mortgaged and pledged property constituting bondable property as defined in the Mortgage which at the time shall be subject to the lien of the Mortgage as a first lien shall be released from the lien of the Mortgage pursuant to the provisions thereof, and available moneys in the hands of The Bank of New York Mellon, or its successor as Trustee, including any moneys deposited by the Company available for the purpose, are sufficient to redeem all the bonds of all series at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

Notice of redemption shall be given by mail not less than 30 nor more than 90 days prior to the date fixed for redemption to the holders of the Bonds of this Series to be redeemed (which, as long as the Bonds of this Series are held in the book-entry only system, will be the Depository, its nominee or a successor depository). On and after the date fixed for redemption (unless the Company defaults in the payment of the Make-Whole Redemption Price and interest accrued

thereon to such date), interest on the Bonds of this Series or the portions of them so called for redemption shall cease to accrue. If the Company elects to redeem any Bonds of this Series, the Company will notify the Trustee of its election at least 45 days prior to the redemption date (or a shorter period acceptable to the Trustee) including in such notice, a reasonably detailed computation of the Make-Whole Redemption Price.

The Mortgage provides that if the Company shall deposit with The Bank of New York Mellon or its successor as Trustee in trust for the purpose funds sufficient to pay the principal of all the bonds of any series, or such of the bonds of any series as have been or are to be called for redemption (including any portions, constituting $1,000 or an integral multiple thereof, of fully registered bonds), and premium, if any, thereon, and all interest payable on such bonds (or portions) to the date on which they become due and payable at maturity or upon redemption or otherwise, and complies with the other provisions of the Mortgage in respect thereof, then from the date of such deposit such bonds (or portions) shall no longer be secured by the lien of the Mortgage.

The Mortgage provides that, upon any partial redemption of a fully registered bond, upon surrender thereof endorsed for transfer, new bonds of the same series and of authorized denominations in principal amount equal to the unredeemed portion of such fully registered bond will be delivered in exchange therefor.

The principal hereof may be declared or may become due prior to the express date of the maturity hereof on the conditions, in the manner and at the time set forth in the Mortgage, upon the occurrence of a completed default as in the Mortgage provided.

No recourse shall be had for the payment of the principal of, the Make-Whole Redemption Price, if applicable, or interest on this bond, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Mortgage or under or upon any obligation, covenant or agreement contained in the Mortgage, against any incorporator or any past, present or future subscriber to the capital stock, stockholder, officer or director, as such, of the Company or of any predecessor or successor corporation, either directly or through the Company or any predecessor or successor corporation under any present or future rule of law, statute or constitution or by the enforcement of any assessment or otherwise, all such liability of incorporators, subscribers, stockholders, officers and directors, as such, being waived and released by the holder and owner hereof by the acceptance of this bond and being likewise waived and released by the terms of the Mortgage.

D. INTEREST ON THE NEW SERIES BONDS

Interest on any New Series Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that bond (or one or more predecessor bonds) is registered at the close of business on the Regular Record Date for such interest specified in the provisions of this Supplemental Indenture. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

Any interest on any New Series Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith

cease to be payable to the registered holder on the relevant Regular Record Date solely by virtue of such holder having been such holder; and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Subsection A or B below:

A. The Company may elect to make payment of any Defaulted Interest on the New Series Bonds to the persons in whose names such bonds (or their respective predecessor bonds) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner (a "Special Record Date"). The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided and not to be deemed part of the trust estate or trust moneys. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each holder of a bond of the New Series Bonds at the address as it appears in the bond register not less than 10 days prior to such Special Record Date. The Trustee may, in its discretion in the name and at the expense of the Company, cause a similar notice to be published at least once in a newspaper approved by the Company in each place of payment of the New Series Bonds, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the New Series Bonds (or their respective predecessor bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B.

B. The Company may make payment of any Defaulted Interest on the New Series Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each New Series Bond delivered under this Supplemental Indenture upon transfer of or in exchange for or in lieu of any other New Series Bonds shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other bond and each such bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

ARTICLE II

ADDITIONAL COVENANTS

The Company hereby covenants as follows:

Section 1. That it will, prior to or simultaneously with the initial authentication and delivery by the Trustee of the New Series Bonds under Section 4.03 of the Original Indenture, deliver to the Trustee the instruments required by said Section.

Section 2. That, so long as any of the New Series Bonds shall be outstanding, it will not declare or pay any dividends (except a dividend in its own common stock) upon its common stock, or make any other distribution (by way of purchase, or otherwise) to the holders thereof, except a payment or distribution out of net income of the Company subsequent to December 31, 1943; and that it will not permit any subsidiary of the Company to purchase any shares of common stock of the Company.

For the purpose of this Section, net income of the Company shall be determined by regarding as charges or credits to income, as the case may be, any and all charges or credits to earned surplus subsequent to December 31, 1943, representing adjustments on account of excessive or deficient accruals to income for taxes, and operating expenses shall include all proper charges for the maintenance and repairs of the property owned by the Company and appropriations out of income for the retirement or depreciation of the property used in its electric business in an amount of not less than the amount of the minimum provision for depreciation determined as provided in clause (5) of paragraph A of Section 1.05 of the Original Indenture.

ARTICLE III

SUNDRY PROVISIONS

Section 1. This Supplemental Indenture is executed and shall be construed as an indenture supplemental to the Original Indenture, and shall form a part thereof and all of the provisions contained in the Original Indenture in respect to the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect hereof as fully and with like effect as if set forth herein in full.

Section 2. This Supplemental Indenture may be simultaneously executed in any number of counterparts, and all of said counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

Section 3. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or of the due execution hereof by the Company or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely.

Section 4. Although this Supplemental Indenture is dated for convenience and for purposes of reference as of March 1, 2010, the actual dates of execution by the Company and by the Trustee are as indicated by the respective acknowledgments hereto annexed.

IN WITNESS WHEREOF, FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC. has caused this Supplemental Indenture to be signed in its name and behalf by its Senior Vice President, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary, and **THE BANK OF NEW YORK MELLON** has caused this Supplemental Indenture to be signed and sealed in its name and behalf by a Vice President, and its corporate seal to be attested by a Vice President, all as of the day and year first above written.

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

By: _____
Mark F. Mulhern, Senior Vice President
299 First Avenue North
St. Petersburg, Florida 33701

[SEAL]

Attest:
_____
Arlene S. Graves, Assistant Secretary
299 First Avenue North
St. Petersburg, Florida 33701

Signed, sealed and delivered by said
FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.

in the presence of:

_____
N. Manly Johnson III

_____
Kenneth Long

[Company's Signature Page of Forty-Ninth Supplemental Indenture]

THE BANK OF NEW YORK MELLON

By: _____
Mary Miselis, Vice President
101 Barclay Street
New York, New York 10286

[SEAL]

Attest:

_____
Francine Kincaid, Vice President
101 Barclay Street
New York, New York 10286

Signed, sealed and delivered by said
THE BANK OF NEW YORK MELLON

in the presence of:

_____
Denise Jurado

_____
Jesse Espinola

[Trustee's Signature Page of Forty-Ninth Supplemental Indenture]

STATE OF NORTH CAROLINA)
SS:
COUNTY OF WAKE)

Before me, the undersigned, a notary public in and for the State and County aforesaid, an officer duly authorized to take acknowledgments of deeds and other instruments, personally appeared **Mark F. Mulhern, Senior Vice President** of **FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.**, a corporation, the corporate party of the first part in and to the above written instrument, and also personally appeared before me **Arlene S. Graves, Assistant Secretary** of the said corporation; such persons being severally personally known to me, who did take an oath and are known by me to be the same individuals who as such Senior Vice President and as such Assistant Secretary executed the above written instrument on behalf of said corporation; and he, the said Senior Vice President, acknowledged that as such Senior Vice President, he subscribed the said corporate name to said instrument on behalf and by authority of said corporation, and she, the said Assistant Secretary, acknowledged that she affixed the seal of said corporation to said instrument and attested the same by subscribing her name as Assistant Secretary of said corporation, by authority and on behalf of said corporation, and each of the two persons above named acknowledged that, being informed of the contents of said instrument, they, as such Senior Vice President and Assistant Secretary, delivered said instrument by authority and on behalf of said corporation and that all such acts were done freely and voluntarily and for the uses and purposes in said instrument set forth and that such instrument is the free act and deed of said corporation; and each of said persons further acknowledged and declared that he/she knows the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of the corporation aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 25th day of March, 2010 at Raleigh in the State and County aforesaid.

Denise P. DeVivero

My commission expires: July 30, 2010

[NOTARIAL SEAL]

DENISE P. DEVIVERO
NOTARY PUBLIC
WAKE COUNTY
My Commission Expires 7-30-2010.

STATE OF NEW YORK)
SS:
COUNTY OF NEW YORK)

Before me, the undersigned, a notary public in and for the State of New York and County of Queens, an officer duly authorized to take acknowledgments of deeds and other instruments, personally appeared **Mary Miselis, Vice President** (the "Executing Vice President") of **THE BANK OF NEW YORK MELLON**, a New York banking corporation, the corporate party of the second part in and to the above written instrument, and also personally appeared before me **Francine Kincaid, Vice President** (the "Attesting Vice President") of the said corporation; said persons being severally personally known to me, who did take an oath and are known by me to be the same individuals who as such Executing Vice President and as such Attesting Vice President executed the above written instrument on behalf of said corporation; and she, the said Executing Vice President, acknowledged that as such Executing Vice President she subscribed the said corporate name to said instrument and affixed the seal of said corporation to said instrument on behalf and by authority of said corporation, and she, the said Attesting Vice President, acknowledged that she attested the same by subscribing her name as Vice President of said corporation, by authority and on behalf of said corporation, and each of the two persons above named acknowledged that, being informed of the contents of said instrument, they, as such Executing Vice President and Attesting Vice President, delivered said instrument by authority and on behalf of said corporation and that all such acts were done freely and voluntarily and for the uses and purposes in said instrument set forth and that such instrument is the free act and deed of said corporation, and each of said persons further acknowledged and declared that she knows the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of the corporation aforesaid.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this 25th day of March, 2010, at New York, in the State and County aforesaid.

Carlos R. Luciano
Notary Public, State of New York
No. 41-4765897
Qualified in Queens County

My commission expires: April 30, 2010

[NOTARIAL SEAL]

EXHIBIT A

RECORDING INFORMATION

ORIGINAL INDENTURE dated January 1, 1944

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	02/25/44	121	172
Bay	10/20/47	59	18
Brevard	10/30/91	3157	3297
Citrus	02/25/44	18	1
Columbia	02/25/44	42	175
Dixie	02/25/44	3	127
Flagler	10/30/91	456	288
Franklin	02/25/44	0	83
Gadsden	02/26/44	A-6	175
Gilchrist	02/25/44	5	60
Gulf	02/26/44	6	193
Hamilton	02/25/44	42	69
Hardee	02/25/44	23	1
Hernando	02/25/44	90	1
Highlands	02/25/44	48	357
Hillsborough	02/25/44	662	105
Jackson	02/26/44	370	1
Jefferson	07/02/51	25	1
Lafayette	02/25/44	22	465
Lake	02/25/44	93	1
Leon	02/25/44	41	1
Levy	02/25/44	3	160
Liberty	02/25/44	"H"	116
Madison	07/02/51	61	86
Marion	02/25/44	103	1
Orange	02/25/44	297	375
Osceola	02/25/44	20	1
Pasco	02/25/44	39	449
Pinellas	02/26/44	566	1
Polk	02/25/44	666	305
Seminole	02/25/44	65	147
Sumter	02/25/44	25	1
Suwanee	02/25/44	58	425
Taylor	07/03/51	36	1
Volusia	02/25/44	135	156
Wakulla	02/25/44	14	1

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	02/25/44	24	1
Echols	02/25/44	A-1	300
Lowndes	02/25/44	5-0	1

SUPPLEMENTAL INDENTURE (First) dated July 1, 1946

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	11/12/46	166	1
Bay	10/20/47	59	1
Brevard	10/30/91	3157	3590
Citrus	11/12/46	17	362
Columbia	11/12/46	49	283
Dixie	11/14/46	3	357
Flagler	10/30/91	456	579
Franklin	11/13/46	"P"	80
Gadsden	11/13/46	A-9	148
Gilchrist	11/14/46	7	120
Gulf	11/13/46	10	313
Hamilton	11/12/46	40	371
Hardee	11/12/46	24	575
Hernando	11/14/46	99	201
Highlands	11/12/46	55	303
Hillsborough	11/06/46	95	375
Jackson	11/13/46	399	1
Jefferson	07/02/51	25	287
Lafayette	11/14/46	23	156
Lake	11/13/46	107	209
Leon	11/13/46	55	481
Levy	11/14/46	4	133
Liberty	11/13/46	"H"	420
Madison	07/02/51	61	373
Marion	11/12/46	110	1
Orange	11/12/46	338	379
Osceola	11/12/46	20	164
Pasco	11/14/46	44	169
Pinellas	11/06/46	632	161
Polk	11/12/46	744	511
Seminole	11/13/46	74	431
Sumter	11/13/46	25	467
Suwanee	11/12/46	63	316
Taylor	07/03/51	36	145
Volusia	11/13/46	158	203
Wakulla	11/13/36	14	299

SUPPLEMENTAL INDENTURE (Second) dated November 1, 1948

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	01/08/49	196	287
Bay	01/10/49	64	395
Brevard	10/30/91	3157	3607
Citrus	01/13/49	18	414
Columbia	01/08/49	55	493
Dixie	01/10/49	4	201
Flagler	10/30/91	456	601
Franklin	01/10/49	"Q"	1
Gadsden	01/10/49	A-13	157
Gilchrist	01/08/49	6	274
Gulf	01/10/49	13	74
Hamilton	01/10/49	44	1
Hardee	01/08/49	28	110
Hernando	01/08/49	109	448
Highlands	01/08/49	61	398
Hillsborough	01/13/49	810	452
Jackson	01/10/49	400	563
Jefferson	07/02/51	25	320
Lafayette	01/10/49	25	210
Lake	01/08/49	119	555
Leon	01/10/49	82	303
Levy	01/08/49	5	242
Liberty	01/08/49	"H"	587
Madison	07/02/51	61	407
Marion	01/11/49	122	172
Orange	01/08/49	388	604
Osceola	01/08/49	25	104
Pasco	01/08/49	47	549
Pinellas	01/05/49	716	11
Polk	01/07/49	807	411
Seminole	01/06/49	84	389
Sumter	01/08/49	28	41
Suwanee	01/08/49	69	150
Taylor	07/03/51	36	162
Volusia	01/06/49	192	167
Wakulla	01/10/49	16	1

SUPPLEMENTAL INDENTURE (Third) dated July 1, 1951

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/02/51	234	340
Bay	08/03/51	93	155
Brevard	10/30/91	3157	3630
Citrus	07/30/51	20	251
Columbia	08/02/51	66	503
Dixie	08/02/51	5	271
Flagler	10/30/91	456	624
Franklin	08/03/51	"Q"	522
Gadsden	08/03/51	A-19	271
Gilchrist	08/02/51	7	422
Gulf	08/03/51	16	59
Hamilton	08/03/51	51	347
Hardee	08/02/51	32	1
Hernando	08/02/51	118	537
Highlands	08/02/51	69	344
Hillsborough	08/02/51	927	174
Jefferson	08/03/51	25	359
Lafayette	08/03/51	27	305
Lake	07/31/51	139	323
Leon	08/02/51	113	465
Levy	08/02/51	7	211
Liberty	07/25/51	1	232
Madison	08/07/51	62	1
Marion	08/02/51	142	143
Orange	08/07/51	460	60
Osceola	08/02/51	31	385
Pasco	08/10/51	56	1
Pinellas	08/02/51	847	301
Polk	08/01/51	899	539
Seminole	08/07/51	100	403
Sumter	08/02/51	32	345
Suwanee	08/02/51	76	413
Taylor	08/07/51	36	182
Volusia	08/07/51	245	393
Wakulla	08/03/51	17	259

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	08/08/51	35	566
Echols	08/02/51	A-3	521
Lowndes	08/04/51	7-E	188

FOURTH SUPPLEMENTAL INDENTURE November 1, 1952

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/31/52	256	288
Bay	01/01/53	104	571
Brevard	10/30/91	3157	3663
Citrus	12/31/52	22	321
Columbia	12/31/52	72	521
Dixie	12/31/52	6	135
Flagler	10/31/91	456	657
Franklin	12/31/52	R	477
Gadsden	12/31/52	A-22	511
Gilchrist	12/31/52	9	124
Gulf	01/02/53	17	7
Hamilton	12/31/52	54	293
Hardee	12/31/52	33	433
Hernando	12/31/52	125	361
Highlands	01/02/53	74	131
Hillsborough	12/29/52	993	545
Jefferson	12/31/52	27	1
Lafayette	12/31/52	28	445
Lake	01/02/53	150	343
Leon	12/31/52	130	1
Levy	12/31/52	8	362
Liberty	01/09/53	1	462
Madison	01/02/53	65	134
Marion	01/02/53	153	434
Orange	12/31/52	505	358
Osceola	12/31/52	36	145
Pasco	01/02/53	61	563
Pinellas	12/29/52	926	561
Polk	01/12/53	974	177
Seminole	01/02/53	111	41
Sumter	12/31/52	35	441
Suwanee	01/02/53	82	27
Taylor	12/31/52	37	325
Volusia	01/10/53	278	107
Wakulla	01/02/53	18	383

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	01/01/53	39	95
Echols	01/01/53	A-4	110
Lowndes	12/31/52	7-0	540

FIFTH SUPPLEMENTAL INDENTURE November 1, 1953

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/29/53	271	24
Bay	01/01/54	115	505
Brevard	10/30/91	3157	3690
Citrus	12/28/53	2	73
Columbia	12/28/53	7	3
Dixie	12/23/53	6	466
Flagler	10/30/91	456	684
Franklin	12/28/53	1	447
Gadsden	12/24/53	A-26	251
Gilchrist	12/23/53	9	317
Gulf	12/28/53	11	229
Hamilton	12/28/53	58	220
Hardee	12/23/53	35	518
Hernando	12/23/53	130	409
Highlands	12/29/53	78	1
Hillsborough	01/04/54	1050	229
Jefferson	12/29/53	28	91
Lafayette	12/24/53	30	16
Lake	12/23/53	160	189
Leon	12/23/53	144	268
Levy	12/23/53	9	368
Liberty	01/06/54	J	40
Madison	12/26/53	67	381
Marion	12/28/53	168	179
Orange	12/24/53	541	253
Osceola	12/24/53	39	42
Pasco	12/23/53	67	1
Pinellas	12/22/53	988	333
Polk	01/05/54	1021	473
Seminole	12/29/53	118	535
Sumter	12/28/53	37	466
Suwanee	12/28/53	85	346
Taylor	12/24/53	43	225
Volusia	12/24/53	303	454
Wakulla	12/30/53	19	380

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	01/15/54	39	437
Echols	01/15/54	A-4	418
Lowndes	12/29/53	7-X	235

SIXTH SUPPLEMENTAL INDENTURE dated July 1, 1954

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	11/19/54	286	129
Bay	11/22/54	125	502
Brevard	10/30/91	3157	3719
Citrus	11/19/54	9	525
Columbia	11/20/54	17	479
Dixie	11/19/54	7	299
Flagler	10/30/91	456	713
Franklin	11/19/54	5	465
Gadsden	11/20/54	A-29	411
Gilchrist	11/19/54	9	530
Gulf	11/22/54	19	284
Hamilton	11/22/54	59	425
Hardee	11/19/54	37	307
Hernando	11/19/54	7	335
Highlands	11/19/54	82	403
Hillsborough	11/26/54	1116	164
Jefferson	11/19/54	29	17
Lafayette	11/19/54	31	138
Lake	11/19/54	170	225
Leon	11/19/54	159	209
Levy	11/19/54	10	523
Liberty	11/30/54	"J"	215
Madison	11/20/54	69	483
Marion	11/20/54	181	573
Orange	11/23/54	578	123
Osceola	11/20/54	42	216
Pasco	11/22/54	15	568
Pinellas	11/18/54	1046	507
Polk	11/23/54	1068	22
Seminole	11/19/54	28	374
Sumter	11/30/54	40	81
Suwanee	11/23/54	89	1
Taylor	11/20/54	45	377
Volusia	11/23/54	327	538
Wakulla	11/19/54	20	445

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	11/20/54	55	385
Echols	11/20/54	5	86
Lowndes	11/20/54	3	387

SEVENTH SUPPLEMENTAL INDENTURE dated July 1, 1956

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/27/56	320	309
Bay	07/27/56	145	395
Brevard	10/30/91	3157	3746
Citrus	07/25/56	28	403
Columbia	07/26/56	38	279
Dixie	07/30/56	9	1
Flagler	10/30/91	456	740
Franklin	07/27/56	16	392
Gadsden	07/26/56	A-36	100
Gilchrist	07/31/56	11	289
Gulf	08/02/56	23	475
Hamilton	07/27/56	11	79
Hardee	07/31/56	43	1
Hernando	07/26/56	21	88
Highlands	07/31/56	11	571
Hillsborough	08/06/56	1260	125
Jefferson	07/25/56	30	295
Lafayette	07/25/56	33	117
Lake	07/26/56	189	613
Leon	07/25/56	190	301
Levy	07/30/56	14	13
Liberty	07/31/56	"J"	531
Madison	07/26/56	74	12
Marion	07/26/56	208	223
Orange	07/27/56	126	165
Osceola	07/26/56	49	1
Pasco	08/02/56	51	353
Pinellas	07/24/56	1168	481
Polk	08/20/56	1180	30
Seminole	07/27/56	90	5
Sumter	08/02/56	43	523
Suwanee	07/26/56	96	67
Taylor	07/25/56	52	451
Volusia	07/26/56	384	195
Wakulla	07/25/56	22	281

STATE OF GEORGIA

County	Date of Recordation	Book	Page
Cook	07/26/56	48	36
Echols	07/26/56	5	401
Lowndes	07/25/56	22	419

EIGHTH SUPPLEMENTAL INDENTURE dated July 1, 1958

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/23/58	20	227
Bay	08/05/58	170	295
Brevard	10/30/91	3157	3785
Citrus	07/24/58	55	336
Columbia	07/23/58	66	365
Dixie	07/22/58	11	166
Flagler	10/30/91	456	779
Franklin	07/22/58	29	248
Gadsden	07/23/58	9	48
Gilchrist	07/22/58	12	341
Gulf	07/24/58	29	40
Hamilton	07/22/58	23	1
Hardee	07/22/58	49	451
Hernando	07/25/58	39	358
Highlands	07/29/58	50	514
Hillsborough	07/29/58	111	108
Jefferson	07/23/58	33	19
Lafayette	07/23/58	35	120
Lake	07/31/58	56	297
Leon	07/23/58	216	129
Levy	07/22/58	18	63
Liberty	07/24/58	"K"	413
Madison	07/23/58	78	310
Marion	07/29/58	237	447
Orange	07/23/58	403	300
Osceola	07/23/58	26	462
Pasco	07/25/58	96	455
Pinellas	07/24/58	381	683
Polk	07/24/58	165	452
Seminole	07/23/58	178	26
Sumter	08/01/58	5	66
Suwanee	07/23/58	102	360
Taylor	07/22/58	4	254
Volusia	07/23/58	129	244
Wakulla	07/25/58	24	375

NINTH SUPPLEMENTAL INDENTURE dated October 1, 1960

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	11/23/60	119	158
Bay	11/25/60	28	411
Brevard	10/30/91	3157	3822
Citrus	12/01/60	93	370
Columbia	11/17/60	105	133
Dixie	11/16/60	13	331
Flagler	10/30/91	456	816
Franklin	11/17/60	49	375
Gadsden	11/17/60	29	655
Gilchrist	11/16/60	1	473
Gulf	11/21/60	5	409
Hamilton	11/18/60	37	171
Hardee	11/17/60	60	76
Hernando	11/16/60	65	688
Highlands	11/18/60	108	421
Hillsborough	11/23/60	629	675
Jefferson	11/18/60	8	290
Lafayette	11/16/60	38	185
Lake	11/21/60	141	619
Leon	11/23/60	254	479
Levy	11/16/60	23	537
Liberty	11/17/60	"M"	525
Madison	11/22/60	11	153
Marion	11/18/60	54	420
Orange	11/22/60	817	569
Osceola	11/16/60	68	410
Pasco	11/21/60	158	530
Pinellas	11/16/60	1036	239
Polk	11/18/60	440	179
Seminole	11/21/60	332	203
Sumter	11/30/60	25	318
Suwanee	11/17/60	111	282
Taylor	11/18/60	21	626
Volusia	11/21/60	330	281
Wakulla	11/21/60	28	185

TENTH SUPPLEMENTAL INDENTURE dated May 1, 1962

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	06/07/62	188	123
Bay	06/15/62	70	173
Brevard	10/30/91	3157	3858
Citrus	06/08/62	120	221
Columbia	06/05/62	130	187
Dixie	06/05/62	15	36
Flagler	10/30/91	456	852
Franklin	06/06/62	58	333
Gadsden	06/05/62	45	493
Gilchrist	06/05/62	7	261
Gulf	06/06/62	14	147
Hamilton	06/05/62	46	407
Hardee	06/05/62	16	449
Hernando	06/05/62	82	326
Highlands	06/11/62	148	617
Hillsborough	0611/62	949	738
Jefferson	06/05/62	13	606
Lafayette	06/08/62	39	385
Lake	06/06/62	204	1
Leon	06/11/62	48	49
Levy	06/05/62	27	574
Liberty	06/06/62	0	214
Madison	06/05/62	20	76
Marion	06/15/62	112	412
Orange	06/06/62	1060	464
Osceola	06/05/62	90	389
Pasco	06/08/62	202	457
Pinellas	06/01/62	1438	571
Polk	06/14/62	605	696
Seminole	06/13/62	408	102
Sumter	06/13/62	40	85
Suwanee	06/05/62	116	273
Taylor	06/05/62	34	330
Volusia	06/20/62	456	46
Wakulla	06/11/62	31	349

ELEVENTH SUPPLEMENTAL INDENTURE dated April 1, 1965

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	05/21/65	324	610
Bay	05/28/65	158	231
Brevard	10/30/91	3157	3894
Citrus	05/13/65	179	485
Columbia	05/17/65	184	314
Dixie	05/13/65	6	485
Flagler	10/30/91	456	888
Franklin	05/19/65	72	497
Gadsden	05/18/65	73	410
Gilchrist	05/13/65	17	11
Gulf	05/18/65	24	717
Hamilton	05/13/65	63	327
Hardee	05/13/65	47	377
Hernando	05/13/65	112	236
Highlands	05/21/65	232	421
Hillsborough	05/12/65	1448	57
Jefferson	05/14/65	23	198
Lafayette	05/13/65	1	687
Lake	05/19/65	287	74
Leon	05/21/65	178	48
Levy	05/21/65	34	519
Liberty	05/14/65	6	1
Madison	05/14/65	34	399
Marion	05/24/65	228	528
Orange	05/25/65	1445	830
Osceola	05/18/65	132	351
Pasco	05/13/65	291	437
Pinellas	05/12/65	2154	77
Polk	05/17/65	929	371
Seminole	05/19/65	535	241
Sumter	05/14/65	68	83
Suwanee	05/17/65	24	673
Taylor	05/17/65	56	129
Volusia	05/19/65	708	531
Wakulla	05/17/65	8	6

TWELFTH SUPPLEMENTAL INDENTURE dated November 1, 1965

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/10/65	355	229
Bay	12/20/65	174	619
Brevard	10/30/91	3157	3931
Citrus	12/22/65	192	309
Columbia	12/10/65	194	338
Dixie	12/10/65	9	42
Flagler	10/30/91	456	925
Franklin	12/13/65	76	249
Gadsden	12/10/65	78	606
Gilchrist	12/10/65	19	447
Gulf	12/10/65	26	692
Hamilton	12/10/65	66	303
Hardee	12/10/65	53	426
Hernando	12/13/65	118	441
Highlands	12/20/65	248	20
Hillsborough	12/17/65	1548	603
Jefferson	12/10/65	24	595
Lafayette	12/10/65	2	671
Lake	12/20/65	301	528
Leon	12/20/65	205	170
Levy	12/20/65	36	184
Liberty	12/10/65	6	477
Madison	12/11/65	36	806
Marion	12/27/65	254	153
Orange	12/10/65	1499	785
Osceola	12/10/65	140	445
Pasco	12/13/65	312	19
Pinellas	12/09/65	2283	186
Polk	12/20/65	984	641
Seminole	12/22/65	559	591
Sumter	12/14/65	73	283
Suwanee	12/14/65	30	218
Taylor	12/10/65	59	361
Volusia	12/10/65	755	174
Wakulla	12/20/65	9	390

THIRTEENTH SUPPLEMENTAL INDENTURE dated August 1, 1967

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/22/67	458	347
Bay	08/28/67	223	457
Brevard	10/30/91	3157	3964
Citrus	08/28/67	218	756
Columbia	08/22/67	225	304
Dixie	08/22/67	15	367
Flagler	10/30/91	456	962
Franklin	08/28/67	83	556
Gadsden	08/23/67	96	29
Gilchrist	08/22/67	25	131
Gulf	08/22/67	33	618
Hamilton	08/23/67	76	465
Hardee	08/22/67	71	366
Hernando	08/28/67	137	646
Highlands	08/30/67	288	585
Hillsborough	08/28/67	1795	635
Jefferson	08/23/67	30	662
Lafayette	08/22/67	5	694
Lake	08/25/67	342	196
Leon	08/30/67	280	594
Levy	08/28/67	41	262
Liberty	08/23/67	10	90
Madison	08/23/67	44	606
Marion	09/01/67	324	444
Orange	08/24/67	1660	421
Osceola	08/22/67	164	335
Pasco	08/28/67	370	728
Pinellas	08/21/67	2659	498
Polk	09/06/67	1108	900
Seminole	08/31/67	628	506
Sumter	09/06/67	87	602
Suwanee	08/23/67	47	228
Taylor	08/24/67	67	782
Volusia	08/24/67	964	254
Wakulla	08/31/67	14	755

FOURTEENTH SUPPLEMENTAL INDENTURE dated November 1, 1968

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/06/68	543	198
Bay	12/18/68	262	487
Brevard	10/30/91	3157	3984
Citrus	12/09/68	239	487
Columbia	12/09/68	242	397
Dixie	12/09/68	20	109
Flagler	10/30/91	456	983
Franklin	12/06/68	88	538
Gadsden	12/12/68	110	7
Gilchrist	12/06/68	29	281
Gulf	12/09/68	38	359
Hamilton	12/06/68	82	245
Hardee	12/06/68	83	221
Hernando	12/09/68	164	395
Highlands	12/11/68	319	390
Hillsborough	12/19/68	1977	890
Jefferson	12/09/68	35	32
Lafayette	12/06/68	9	170
Lake	12/06/68	371	438
Leon	12/19/68	342	572
Levy	12/09/68	44	215
Liberty	12/09/68	12	41
Madison	12/09/68	49	627
Marion	12/20/68	375	12
Orange	12/06/68	1785	837
Osceola	12/06/68	183	688
Pasco	12/06/68	423	607
Pinellas	12/06/68	2964	580
Polk	12/10/68	1193	854
Seminole	12/18/68	695	638
Sumter	01/02/69	98	509
Suwanee	12/06/68	60	50
Taylor	12/09/68	73	494
Volusia	12/09/68	1060	466
Wakulla	12/19/68	18	593

FIFTEENTH SUPPLEMENTAL INDENTURE dated August 1, 1969

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/26/69	592	206
Bay	09/03/69	283	513
Brevard	10/30/91	3157	4002
Citrus	08/26/69	251	437
Columbia	09/05/69	251	586
Dixie	08/26/69	21	705
Flagler	10/30/91	456	1001
Franklin	08/26/69	92	363
Gadsden	08/26/69	116	723
Gilchrist	09/04/69	31	539
Gulf	08/26/69	41	23
Hamilton	08/26/69	85	292
Hardee	08/26/69	91	19
Hernando	09/03/69	191	745
Highlands	09/05/69	339	90
Hillsborough	09/03/69	2073	501
Jefferson	08/26/69	37	193
Lafayette	08/26/69	12	235
Lake	09/11/69	389	148
Leon	09/05/69	377	548
Levy	08/26/69	6	348
Liberty	08/29/69	12	680
Madison	08/26/69	52	263
Marion	09/08/69	399	668
Orange	08/27/69	1867	156
Osceola	09/03/69	192	726
Pasco	08/26/69	459	315
Pinellas	08/26/69	3149	131
Polk	09/04/69	1241	971
Seminole	09/05/69	740	500
Sumter	09/05/69	104	504
Suwanee	08/26/69	66	489
Taylor	08/26/69	77	44
Volusia	08/26/69	1123	577
Wakulla	09/05/69	21	231

SIXTEENTH SUPPLEMENTAL INDENTURE dated February 1, 1970

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	03/13/70	625	297
Bay	03/23/70	298	539
Brevard	10/30/91	3157	4019
Citrus	03/16/70	261	729
Columbia	03/13/70	257	622
Dixie	03/13/70	23	107
Flagler	10/30/91	456	1019
Franklin	03/13/70	94	507
Gadsden	03/13/70	121	571
Gilchrist	03/20/70	33	449
Gulf	03/16/70	43	244
Hamilton	03/14/70	87	291
Hardee	03/16/70	97	225
Hernando	03/20/70	212	536
Highlands	03/20/70	352	25
Hillsborough	03/20/70	2146	824
Jefferson	03/13/70	38	643
Lafayette	03/16/70	14	42
Lake	03/13/70	400	545
Leon	04/02/70	406	203
Levy	03/20/70	11	150
Liberty	03/13/70	13	494
Madison	03/13/70	54	152
Marion	03/20/70	419	113
Orange	03/20/70	1927	853
Osceola	03/13/70	199	282
Pasco	03/13/70	487	207
Pinellas	03/23/70	3294	582
Polk	03/27/70	1278	4
Seminole	03/20/70	771	384
Sumter	03/27/70	109	1
Suwanee	03/13/70	71	61
Taylor	03/16/70	79	282
Volusia	03/13/70	1183	353
Wakulla	03/24/70	23	36

SEVENTEENTH SUPPLEMENTAL INDENTURE dated November 1, 1970

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/15/70	678	70
	01/08/71	682	405B
Bay	01/11/71	321	565
Brevard	10/30/91	3157	4030
Citrus	01/07/71	277	324
Columbia	12/16/70	266	25
	01/07/71	266	351
Dixie	01/07/71	25	246
Flagler	10/30/91	456	1030
Franklin	12/15/70	98	171
	01/18/71	98	472
Gadsden	01/07/71	128	705
Gilchrist	01/13/71	36	5
Gulf	12/16/70	46	132
Hamilton	12/16/70	90	201
	01/08/71	90	325
Hardee	12/16/70	106	109
	01/07/71	107	15
Hernando	12/16/70	246	299
	01/13/71	252	715
Highlands	01/11/71	372	79
Hillsborough	01/11/71	2261	308
Jefferson	12/16/70	41	467
Lafayette	01/06/71	16	144
Lake	01/12/71	421	742
Leon	01/14/71	449	244
Levy	01/11/71	18	65
Liberty	12/16/70	14	535
Madison	01/07/71	56	911
Marion	01/11/71	449	33
Orange	01/11/71	2021	24
Osceola	01/29/71	212	353
Pasco	01/08/71	524	86
Pinellas	01/14/71	3467	449
Polk	01/14/71	1331	880
Seminole	01/11/71	819	223
Sumter	01/11/71	115	308
Suwanee	12/17/70	77	82
Taylor	12/17/70	83	53
Volusia	01/11/71	1257	142
Wakulla	01/12/71	26	175

EIGHTEENTH SUPPLEMENTAL INDENTURE dated October 1, 1971

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	11/17/71	755	116
Bay	11/09/71	351	33
Brevard	10/30/91	3157	4062
Citrus	11/16/71	296	490
Columbia	11/15/71	278	597
Dixie	11/09/71	31	23
Flagler	10/30/91	456	1062
Franklin	11/09/71	103	278
Gadsden	11/10/71	138	360
Gilchrist	11/16/71	39	92
Gulf	11/11/71	49	107
Hamilton	11/09/71	93	538
Hardee	11/09/71	119	63
Hernando	11/17/71	280	1
Highlands	11/16/71	393	578
Hillsborough	11/17/71	2393	263
Jefferson	11/11/71	45	135
Lafayette	11/09/71	19	91
Lake	11/16/71	447	834
Leon	11/12/71	496	190
Levy	11/16/71	26	748
Liberty	11/10/71	16	108
Madison	11/11/71	61	220
Marion	11/16/71	487	239
Orange	11/18/71	2144	179
Osceola	11/10/71	229	360
Pasco	11/12/71	569	344
Pinellas	11/09/71	3659	630
Polk	11/16/71	1400	1
Seminole	11/16/71	892	460
Sumter	11/09/71	123	457
Suwanee	11/12/71	86	28
Taylor	11/09/71	87	706
Volusia	11/09/71	1352	118
Wakulla	11/16/71	30	218

NINETEENTH SUPPLEMENTAL INDENTURE dated June 1, 1971

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/31/72	797	81
Bay	07/31/72	378	483
Brevard	10/30/91	3157	4079
Citrus	08/01/72	314	557
Columbia	07/31/72	290	418
Dixie	07/31/72	35	44
Flagler	10/30/91	456	1079
Franklin	07/31/72	107	442
Gadsden	07/31/72	147	296
Gilchrist	07/31/72	41	148
Gulf	07/31/72	51	371
Hamilton	07/31/72	96	573
Hardee	07/31/72	130	35
Hernando	07/31/72	295	702
Highlands	07/31/72	409	578
Hillsborough	07/31/72	2518	15
Jefferson	07/31/72	48	389
Lafayette	08/04/72	22	70
Lake	08/02/72	474	134
Leon	08/02/72	537	763
Levy	08/02/72	35	5
Liberty	08/03/72	17	319
Madison	08/03/72	65	120
Marion	08/02/72	521	427
Orange	08/03/72	2259	950
Osceola	08/02/72	245	626
Pasco	08/03/72	619	487
Pinellas	08/02/72	3846	454
Polk	08/02/72	1467	276
Seminole	08/03/72	948	1035
Sumter	08/02/72	131	348
Suwanee	08/02/72	93	785
Taylor	08/03/72	92	198
Volusia	08/02/72	1456	420
Wakulla	08/03/72	33	147

TWENTIETH SUPPLEMENTAL INDENTURE dated November 1, 1972

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	01/22/73	818	709
Bay	01/22/73	400	226
Brevard	10/30/91	3157	4096
Citrus	01/22/73	328	152
Columbia	01/22/73	298	244
Dixie	01/22/73	38	92
Flagler	10/30/91	456	1096
Franklin	01/22/73	110	446
Gadsden	01/22/73	154	117
Gilchrist	01/2273	42	685
Gulf	01/22/73	52	813
Hamilton	01/22/73	99	270
Hardee	01/22/73	138	88
Herdando	01/22/73	306	325
Highlands	01/22/73	422	5
Hillsborough	01/22/73	2612	659
Jefferson	01/23/73	50	632
Lafayette	01/22/73	23	338
Lake	01/22/73	492	696
Leon	01/25/73	567	238
Levy	01/22/73	40	755
Liberty	01/23/73	18	51
Madison	01/23/73	67	413
Marion	01/22/73	546	125
Orange	01/22/73	2345	569
Osceola	01/24/73	256	564
Pasco	01/22/73	654	281
Pinellas	01/23/73	3980	788
Polk	01/24/73	1514	854
Seminole	01/22/73	136	696
Sumter	01/22/73	136	696
Suwanee	01/22/73	98	583
Taylor	01/22/73	95	99
Volusia	01/22/73	1533	327
Wakulla	01/26/73	35	266

TWENTY-FIRST SUPPLEMENTAL INDENTURE dated June 1, 1973

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/30/73	850	668
Bay	08/30/73	431	401
Brevard	10/30/91	3157	4126
Citrus	08/31/73	349	609
Columbia	08/30/73	309	245
Dixie	08/30/73	41	473
Flagler	10/30/91	456	1126
Franklin	08/31/73	115	120
Gadsden	08/31/73	164	90
Gilchrist	08/31/73	45	387
Gulf	09/04/73	54	736
Hamilton	09/04/73	104	250
Hardee	08/31/73	149	295
Herdando	08/31/73	321	479
Highlands	08/31/73	442	961
Hillsborough	08/31/73	2740	278
Jefferson	08/31/73	54	591
Lafayette	09/07/73	26	73
Lake	08/31/73	520	70
Leon	09/06/73	609	543
Levy	09/05/73	50	741
Liberty	08/31/73	19	111
Madison	08/31/73	71	22
Marion	09/04/73	585	491
Orange	09/07/73	2448	1009
Osceola	09/06/73	272	204
Pasco	09/04/73	707	613
Pinellas	08/31/73	4073	767
Polk	08/31/73	1550	1341
Seminole	09/04/73	993	0048
Sumter	08/31/73	144	265
Suwanee	09/04/73	106	192
Taylor	08/31/73	99	444
Volusia	08/31/73	1647	440
Wakulla	08/31/73	38	458

TWENTY-SECOND SUPPLEMENTAL INDENTURE dated December 1, 1973

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	02/28/74	876	74
Bay	02/28/74	457	572
Brevard	10/30/91	3157	4155
Citrus	03/18/74	365	200
Columbia	03/01/74	319	179
Dixie	02/28/74	44	149
Flagler	10/30/91	456	1155
Franklin	03/01/74	119	14
Gadsden	03/01/74	171	264
Gilchrist	02/28/74	48	25
Gulf	03/01/74	56	427
Hamilton	03/01/74	109	89
Hardee	02/28/74	158	140
Herdando	02/28/74	333	455
Highlands	02/28/74	458	394
Hillsborough	02/28/74	2842	642
Jefferson	03/01/74	58	5
Lafayette	03/01/74	28	34
Lake	03/04/74	540	77
Leon	03/01/74	638	672
Levy	02/28/74	57	769
Liberty	03/01/74	20	54
Madison	03/01/74	73	545
Marion	02/28/74	617	19
Orange	02/28/74	2504	1707
Osceola	03/01/74	284	344
Pasco	03/01/74	739	1360
Pinellas	02/28/74	4141	1397
Polk	02/28/74	1578	1983
Seminole	03/04/74	1010	1601
Sumter	03/01/74	150	278
Suwanee	03/04/74	111	766
Taylor	03/04/74	102	694
Volusia	03/04/74	1712	645
Wakulla	03/05/74	40	626

TWENTY-THIRD SUPPLEMENTAL INDENTURE dated October 1, 1976

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	11/29/76	1035	716
Bay	11/29/76	600	687
Brevard	10/30/91	3157	4184
Citrus	12/08/76	448	668
Columbia	12/03/76	370	898
Dixie	11/29/76	56	160
Flagler	10/30/91	456	1184
Franklin	11/29/76	136	420
Gadsden	12/06/76	219	533
Gilchrist	11/30/76	62	464
Gulf	11/30/76	68	753
Hamilton	11/30/76	131	855
Hardee	11/29/76	212	10
Herdando	12/03/76	397	623
Highlands	11/29/76	535	951
Hillsborough	11/29/76	3181	1281
Jefferson	11/29/76	75	198
Lafayette	11/29/76	36	422
Lake	12/06/76	620	66
Leon	11/30/76	823	723
Levy	11/29/76	98	32
Liberty	11/29/76	25	104
Madison	12/06/76	89	124
Marion	12/08/76	779	258
Orange	12/06/76	2745	889
Osceola	11/30/76	345	524
Pasco	12/03/76	867	1165
Pinellas	12/03/76	4484	1651
Polk	11/29/76	1720	2000
Seminole	12/06/76	1105	1137
Sumter	11/30/76	181	97
Suwanee	11/29/76	146	437
Taylor	11/30/76	123	111
Volusia	12/06/76	1872	1438
Wakulla	12/07/76	53	837

TWENTY-FOURTH SUPPLEMENTAL INDENTURE dated April 1, 1979

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	06/11/79	1212	956
Bay	06/12/79	734	343
Brevard	10/30/91	3157	4212
Citrus	06/12/79	538	1687
Columbia	06/14/79	429	139
Dixie	06/12/79	68	122
Flagler	10/30/91	456	1212
Franklin	06/13/79	159	186
Gadsden	06/13/79	259	396
Gilchrist	06/12/79	77	260
Gulf	06/14/79	78	174
Hamilton	06/12/79	142	859
Hardee	06/12/79	245	558
Herdando	06/12/79	443	17
Highlands	06/13/79	620	77
Hillsborough	06/12/79	3523	1162
Jefferson	06/13/79	93	685
Lafayette	06/13/79	44	496
Lake	06/12/79	678	266
Leon	06/15/79	931	526
Levy	06/12/79	141	163
Liberty	06/13/79	30	394
Madison	06/13/79	108	655
Marion	06/13/79	976	451
Orange	06/13/79	3018	812
Osceola	06/12/79	438	115
Pasco	06/14/79	1013	126
Pinellas	06/12/79	4867	291
Polk	06/12/79	1881	2012
Seminole	06/12/79	1228	606
Sumter	06/12/79	216	642
Suwanee	06/12/79	184	514
Taylor	06/13/79	145	686
Volusia	06/12/79	2082	1430
Wakulla	06/13/79	69	884

TWENTY-FIFTH SUPPLEMENTAL INDENTURE dated April 1, 1980

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/25/80	1290	319
Bay	07/25/80	794	596
Brevard	10/30/91	3157	4238
Citrus	07/28/80	560	2030
Columbia	07/24/80	451	126
Dixie	07/24/80	73	220
Flagler	10/30/91	456	1238
Franklin	07/28/80	169	589
Gadsden	07/25/80	275	649
Gilchrist	07/24/80	84	551
Gulf	07/28/80	82	290
Hamilton	07/25/80	148	774
Hardee	07/25/80	257	823
Herdando	07/24/80	465	441
Highlands	07/29/80	658	523
Hillsborough	07/24/80	3684	411
Jefferson	07/25/80	101	387
Lafayette	07/24/80	47	586
Lake	07/24/80	705	977
Leon	07/25/80	966	426
Levy	07/25/80	161	478
Liberty	07/25/80	32	981
Madison	07/28/80	117	572
Marion	07/28/80	1027	1141
Orange	07/25/80	3127	1401
Osceola	07/30/80	489	198
Pasco	07/25/80	1077	1362
Pinellas	06/24/80	5038	2013
Polk	07/25/80	1956	1808
Seminole	07/28/80	1288	1105
Sumter	07/25/80	233	598
Suwanee	07/29/80	200	618
Taylor	07/28/80	156	740
Volusia	07/25/80	2185	587
Wakulla	07/28/80	76	879

TWENTY-SIXTH SUPPLEMENTAL INDENTURE dated November 1, 1980

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	01/27/81	1326	527
Bay	01/26/81	823	570
Brevard	10/30/91	3157	4267
Citrus	01/28/81	570	1391
Columbia	01/27/81	461	435
Dixie	01/23/81	75	785
Flagler	10/30/91	456	1267
Franklin	01/27/81	174	320
Gadsden	01/26/81	282	356
Gilchrist	01/23/81	87	484
Gulf	01/26/81	84	307
Hamilton	01/26/81	151	44
Hardee	01/27/81	264	214
Herdando	01/26/81	476	916
Highlands	01/26/81	676	12
Hillsborough	01/26/81	3760	1223
Jefferson	01/26/81	104	658
Lafayette	01/27/81	49	175
Lake	01/27/81	717	2439
Leon	01/30/81	983	1982
Levy	01/26/81	169	716
Liberty	01/26/81	33	875
Madison	01/27/81	121	535
Marion	01/26/81	1051	47
Orange	01/26/81	3167	2388
Osceola	01/28/81	512	78
Pasco	01/26/81	1108	1247
Pinellas	12/31/80	5128	1781
Polk	01/27/81	1994	436
Seminole	01/27/81	1317	775
Sumter	01/26/81	241	211
Suwanee	01/27/81	209	696
Taylor	01/26/81	161	461
Volusia	01/26/81	2236	1396
Wakulla	01/26/81	79	837

TWENTY-SEVENTH SUPPLEMENTAL INDENTURE dated November 15, 1980

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	02/10/81	1328	880
Bay	02/10/81	825	667
Brevard	10/30/91	3157	4295
Citrus	02/13/81	571	1236
Columbia	02/09/81	462	275
Dixie	02/09/81	76	147
Flagler	10/30/91	456	1295
Franklin	02/11/81	174	590
Gadsden	02/11/81	283	105
Gilchrist	02/13/81	88	100
Gulf	02/17/81	84	561
Hamilton	02/11/81	151	256
Hardee	02/11/81	264	618
Herdando	02/10/81	477	904
Highlands	02/11/81	677	519
Hillsborough	02/10/81	3766	35
Jefferson	02/12/81	105	318
Lafayette	02/10/81	49	299
Lake	02/10/81	718	2428
Leon	02/18/81	985	1655
Levy	02/12/81	170	567
Liberty	02/12/81	34	94
Madison	02/11/81	122	47
Marion	02/10/81	1052	1660
Orange	02/11/81	3171	1797
Osceola	02/13/81	514	336
Pasco	02/10/81	1111	307
Pinellas	02/10/81	5147	951
Polk	02/11/81	1997	527
Seminole	02/11/81	1319	1660
Sumter	02/11/81	241	746
Suwanee	02/11/81	210	652
Taylor	02/11/81	161	793
Volusia	02/10/81	2241	333
Wakulla	02/11/81	80	188

TWENTY-EIGHTH SUPPLEMENTAL INDENTURE dated May 1, 1981

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	06/08/81	1351	161
Bay	07/20/81	853	623
Brevard	10/30/91	3157	4321
Citrus	06/08/81	578	919
Columbia	06/08/81	469	507
Dixie	06/09/81	78	172
Flagler	10/30/91	456	1321
Franklin	06/10/81	178	166
Gadsden	06/08/81	286	1847
Gilchrist	06/05/81	90	526
Gulf	06/09/81	85	881
Hamilton	06/08/81	152	776
Hardee	06/05/81	267	797
Herdando	06/05/81	484	1645
Highlands	06/05/81	689	338
Hillsborough	06/05/81	3814	700
Jefferson	06/09/81	107	352
Lafayette	06/05/81	50	758
Lake	06/08/81	727	209
Leon	06/08/81	996	1780
Levy	06/08/81	176	81
Liberty	06/12/81	34	859
Madison	06/08/81	125	615
Marion	06/05/81	1068	1824
Orange	06/08/81	3199	783
Osceola	06/09/81	532	1
Pasco	06/05/81	1132	1007
Pinellas	06/05/81	5201	1902
Polk	06/12/81	2022	642
Seminole	06/08/81	1340	894
Sumter	06/05/81	246	210
Suwanee	06/05/81	217	153
Taylor	06/09/81	165	536
Volusia	06/05/81	2272	1296
Wakulla	06/08/81	82	500

TWENTY-NINTH SUPPLEMENTAL INDENTURE dated September 1, 1982

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	10/06/82	1440	284
Bay	10/08/82	912	523
Brevard	10/30/91	3157	4348
Citrus	10/07/82	604	1403
Columbia	10/06/82	498	260
Dixie	10/07/82	85	2
Flagler	10/30/91	456	1348
Franklin	10/11/82	191	239
Gadsden	10/08/82	297	266
Gilchrist	10/07/82	98	657
Gulf	10/07/82	91	125
Hamilton	10/06/82	159	396
Hardee	10/07/82	281	339
Herdando	10/06/82	510	1386
Highlands	10/08/82	733	571
Hillsborough	10/06/82	4009	985
Jefferson	10/08/82	115	766
Lafayette	10/06/82	55	163
Lake	10/08/82	759	836
Leon	10/07/82	1041	20
Levy	10/06/82	198	511
Liberty	10/07/82	38	218
Madison	10/07/82	136	685
Marion	10/06/82	1128	717
Orange	10/07/82	3316	738
Osceola	10/11/82	606	68
Pasco	10/06/82	1212	1279
Pinellas	10/07/82	5411	1407
Polk	10/07/82	2110	93
Seminole	10/06/82	1416	535
Sumter	10/06/82	263	631
Suwanee	10/06/82	238	524
Taylor	10/07/82	178	879
Volusia	10/06/82	2391	1879
Wakulla	10/07/82	91	306

THIRTIETH SUPPLEMENTAL INDENTURE dated October 1, 1982

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/02/82	1450	90
Bay	12/06/82	916	1538
Brevard	10/30/91	3157	4364
Citrus	12/03/82	607	1034
Columbia	12/06/82	501	729
Dixie	12/06/82	86	49
Flagler	10/30/91	456	1364
Franklin	12/07/82	192	448
Gadsden	12/06/82	298	608
Gilchrist	12/03/82	100	18
Gulf	12/07/82	91	744
Hamilton	12/06/82	160	118
Hardee	12/08/82	283	11
Herdando	12/03/82	513	992
Highlands	12/07/82	738	221
Hillsborough	12/03/82	4033	293
Jefferson	12/06/82	117	9
Lafayette	12/06/82	55	444
Lake	12/03/82	763	19
Leon	12/07/82	1047	812
Levy	12/06/82	201	136
Liberty	12/08/82	38	547
Madison	12/07/82	137	808
Marion	12/07/82	1135	1015
Orange	12/06/82	3330	2301
Osceola	12/09/82	615	721
Pasco	12/06/82	1222	1592
Pinellas	11/23/82	5434	229
Polk	12/08/82	2121	118
Seminole	12/06/82	1425	1476
Sumter	12/06/82	265	768
Suwanee	12/07/82	240	699
Taylor	12/06/82	180	189
Volusia	12/06/82	2406	460
Wakulla	12/06/82	92	272

THIRTY-FIRST SUPPLEMENTAL INDENTURE dated November 1, 1991

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/05/91	1836	2215
Bay	12/04/91	1347	1335
Brevard	12/05/91	3165	1204
Citrus	12/04/91	917	725
Columbia	12/04/91	753	1847
Dixie	12/09/91	156	90
Flagler	12/04/91	458	1266
Franklin	12/04/91	364	11
Gadsden	12/04/91	386	1240
Gilchrist	12/09/91	182	573
Gulf	12/04/91	148	72
Hamilton	12/04/91	294	236
Hardee	12/04/91	420	322
Herdando	12/03/91	843	1139
Highlands	12/03/91	1161	1860
Hillsborough	12/04/91	6449	1412
Jefferson	12/04/91	225	39
Lafayette	12/05/91	87	430
Lake	12/04/91	1138	1083
Leon	12/04/91	1530	452
Levy	12/05/91	446	454
Liberty	12/04/91	68	508
Madison	12/04/91	258	173
Marion	12/04/91	1787	161
Orange	12/06/91	4352	22
Osceola	12/05/91	1042	587
Pasco	12/03/91	2071	503
Pinellas	11/13/91	7731	740
Polk	12/06/91	3041	1252
Seminole	12/05/91	2364	1942
Sumter	12/03/91	443	254
Suwanee	12/05/91	423	515
Taylor	12/04/91	296	232
Volusia	12/09/91	3712	968
Wakulla	12/05/91	185	524

THIRTY-SECOND SUPPLEMENTAL INDENTURE dated December 1, 1992

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/30/92	1888	2338
Bay	12/30/92	1410	42
Brevard	12/29/92	3256	2503
Citrus	12/29/92	965	231
Columbia	12/30/92	769	532
Dixie	12/30/92	165	484
Flagler	12/30/92	480	212
Franklin	12/30/92	399	1
Gadsden	12/30/92	399	1762
Gilchrist	12/30/92	194	693
Gulf	01/06/93	157	343
Hamilton	12/29/92	314	215
Hardee	12/31/92	439	211
Herdando	12/29/92	894	688
Highlands	12/29/92	1200	1665
Hillsborough	12/30/92	6838	810
Jefferson	12/30/92	250	196
Lafayette	12/30/92	92	129
Lake	12/30/92	1203	323
Leon	01/07/93	1611	2296
Levy	12/29/92	479	312
Liberty	12/30/92	73	427
Madison	12/30/92	292	205
Marion	12/29/92	1888	1815
Orange	12/30/92	4506	2985
Osceola	12/31/92	1102	2325
Pasco	12/29/92	3101	950
Pinellas	12/15/92	8120	1705
Polk	12/31/92	3185	899
Seminole	12/29/92	2525	1408
Sumter	12/29/92	471	468
Suwanee	12/29/92	449	469
Taylor	01/21/93	313	221
Volusia	12/30/92	3797	1647
Wakulla	12/31/92	204	765

THIRTY-THIRD SUPPLEMENTAL INDENTURE dated December 1, 1992

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/30/92	1888	2426
Bay	12/30/92	1410	130
Brevard	12/29/92	3256	2592
Citrus	12/29/92	965	319
Columbia	12/30/92	769	622
Dixie	12/30/92	165	572
Flagler	12/30/92	480	300
Franklin	12/30/92	399	89
Gadsden	12/30/92	399	1850
Gilchrist	12/30/92	195	1
Gulf	01/06/93	157	431
Hamilton	12/29/92	315	1
Hardee	12/31/92	439	299
Herdando	12/29/92	894	776
Highlands	12/29/92	1200	1754
Hillsborough	12/30/92	6838	898
Jefferson	12/30/92	250	285
Lafayette	12/30/92	92	217
Lake	12/30/92	1203	411
Leon	01/07/93	1611	2384
Levy	12/29/92	479	400
Liberty	12/30/92	73	515
Madison	12/30/92	292	293
Marion	12/29/92	1888	1903
Orange	12/30/92	4506	3073
Osceola	12/31/92	1102	2413
Pasco	12/29/92	3101	1038
Pinellas	12/15/92	8120	1795
Polk	12/31/92	3185	987
Seminole	12/29/92	2525	1496
Sumter	12/29/92	471	556
Suwanee	12/29/92	449	595
Taylor	01/21/93	313	309
Volusia	12/30/92	3797	1735
Wakulla	12/31/92	204	853

THIRTY-FOURTH SUPPLEMENTAL INDENTURE dated February 1, 1993

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	02/23/93	1895	1712
Bay	02/22/93	1418	1202
Brevard	02/22/93	3268	4928
Citrus	03/03/93	972	1372
Columbia	02/23/93	771	1030
Dixie	02/23/93	166	771
Flagler	02/23/93	483	86
Franklin	02/23/93	404	209
Gadsden	02/22/93	402	153
Gilchrist	02/22/93	196	612
Gulf	02/22/93	158	636
Hamilton	02/22/93	317	37
Hardee	02/26/93	442	29
Herdando	02/22/93	901	1009
Highlands	02/23/93	1206	1393
Hillsborough	02/23/93	6891	182
Jefferson	02/23/93	254	267
Lafayette	02/22/93	92	788
Lake	02/22/93	1211	1060
Leon	02/23/93	1621	51
Levy	02/22/93	484	459
Liberty	02/22/93	74	366
Madison	02/22/93	297	50
Marion	03/01/93	1902	1706
Orange	03/01/93	4527	4174
Osceola	02/23/93	1111	2070
Pasco	03/01/93	3118	1205
Pinellas	02/09/93	8173	382
Polk	02/22/93	3203	2186
Seminole	02/22/93	2547	765
Sumter	02/22/93	475	750
Suwanee	02/23/93	454	51
Taylor	02/25/93	314	853
Volusia	02/23/93	3808	3551
Wakulla	02/23/93	207	396

THIRTY-FIFTH SUPPLEMENTAL INDENTURE dated March 1, 1993

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	03/22/93	1898	2769
Bay	03/23/93	1423	659
Brevard	03/22/93	3275	3473
Citrus	03/22/93	975	1
Columbia	03/24/93	772	1536
Dixie	03/23/93	167	499
Flagler	03/23/93	484	1113
Franklin	03/22/93	407	47
Gadsden	03/22/93	403	66
Gilchrist	03/22/93	197	704
Gulf	03/22/93	159	388
Hamilton	03/22/93	320	1
Hardee	03/22/93	443	137
Herdando	03/22/93	905	480
Highlands	03/22/93	1210	47
Hillsborough	03/22/93	6917	972
Jefferson	03/24/93	257	40
Lafayette	03/23/93	93	218
Lake	03/23/93	1216	1165
Leon	03/23/93	1626	1941
Levy	03/23/93	487	375
Liberty	03/22/93	74	627
Madison	03/22/93	299	211
Marion	03/22/93	1910	738
Orange	03/23/93	4539	2634
Osceola	03/25/93	1115	2511
Pasco	03/22/93	3129	149
Pinellas	03/10/93	8200	2030
Polk	03/22/93	3214	1331
Seminole	03/22/93	2559	1330
Sumter	03/22/93	478	191
Suwanee	03/24/93	456	58
Taylor	03/26/93	316	580
Volusia	03/23/93	3814	4453
Wakulla	03/22/93	208	563

THIRTY-SIXTH SUPPLEMENTAL INDENTURE dated July 1, 1993

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/06/93	1919	2335
Bay	08/09/93	1447	1661
Brevard	08/05/93	3312	2304
Citrus	08/06/93	994	111
Columbia	08/09/93	778	736
Dixie	08/10/93	171	595
Flagler	08/06/93	493	183
Franklin	08/16/93	423	78
Gadsden	08/06/93	407	1440
Gilchrist	08/06/93	202	372
Gulf	08/06/93	162	831
Hamilton	08/06/93	326	301
Hardee	08/06/93	450	623
Herdando	08/09/93	925	1936
Highlands	08/06/93	1225	1608
Hillsborough	08/05/93	7071	222
Jefferson	08/10/93	266	252
Lafayette	08/09/93	95	394
Lake	08/06/93	1241	430
Leon	08/09/93	1660	1955
Levy	08/06/93	500	395
Liberty	08/06/93	76	362
Madison	08/06/93	312	20
Marion	08/06/93	1948	1022
Orange	08/09/93	4602	366
Osceola	08/06/93	1138	832
Pasco	08/05/93	3182	104
Pinellas	07/20/93	8342	522
Polk	08/05/93	3268	1251
Seminole	08/09/93	2627	330
Sumter	08/05/93	489	700
Suwanee	08/09/93	467	488
Taylor	08/06/93	323	490
Volusia	08/06/93	3848	2752
Wakulla	08/06/93	217	104

THIRTY-SEVENTH SUPPLEMENTAL INDENTURE dated December 1, 1993

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/29/93	1942	1768
Bay	12/29/93	1473	1090
Brevard	12/28/93	3353	2186
Citrus	12/29/93	1013	1791
Columbia	12/30/93	784	1174
Dixie	01/04/94	175	744
Flagler	12/30/93	503	269
Franklin	12/30/93	437	69
Gadsden	12/29/93	412	1638
Gilchrist	01/03/94	207	597
Gulf	12/29/93	166	710
Hamilton	12/29/93	334	78
Hardee	12/28/93	458	139
Herdando	12/30/93	947	1037
Highlands	12/29/93	1241	1888
Hillsborough	12/29/93	7235	1829
Jefferson	12/30/93	276	231
Lafayette	12/29/93	97	746
Lake	12/29/93	1267	2229
Leon	12/29/93	1698	1017
Levy	12/30/93	512	733
Liberty	12/29/93	78	291
Madison	12/29/93	324	302
Marion	12/29/93	1990	1962
Orange	12/29/93	4675	2208
Osceola	12/30/93	1163	2641
Pasco	12/29/93	3239	112
Pinellas	12/15/93	8502	2162
Polk	12/28/93	3327	562
Seminole	12/28/93	2703	466
Sumter	12/28/93	502	167*
Suwanee	12/29/93	478	324
Taylor	12/29/93	330	533
Volusia	12/29/93	3885	2736
Wakulla	12/30/93	224	727

* Due to a scriveners error, the Thirty-Ninth and Fortieth Supplemental Indentures to the Original Indenture erroneously indicated a page number of 157.

THIRTY-EIGHTH SUPPLEMENTAL INDENTURE dated July 25, 1994

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	08/08/94	1975	2678
Bay	08/08/94	1516	432
Brevard	08/08/94	3412	3309
Citrus	08/08/94	1044	2108
Columbia	08/08/94	794	188
Dixie	08/11/94	183	3
Flagler	08/08/94	516	1458
Franklin	08/10/94	465	42
Gadsden	08/09/94	422	570
Gilchrist	08/10/94	216	477
Gulf	08/08/94	172	664
Hamilton	08/08/94	347	189
Hardee	08/08/94	471	495
Herdando	09/06/94	983	887
Highlands	08/08/94	1267	791
Hillsborough	08/10/94	7485	745
Jefferson	08/09/94	298	22
Lafayette	08/09/94	101	626
Lake	08/09/94	1311	1274
Leon	08/08/94	1754	594
Levy	08/08/94	533	45
Liberty	08/09/94	81	566
Madison	08/08/94	348	172
Marion	08/10/94	2060	1272
Orange	08/09/94	4779	4850
Osceola	08/08/94	1205	1060
Pasco	08/08/94	3326	1162
Pinellas	07/25/94	8734	1574
Polk	08/08/94	3423	2168
Seminole	08/08/94	2809	131
Sumter	08/08/94	524	256
Suwanee	08/08/94	500	170
Taylor	08/09/94	342	576
Volusia	08/11/94	3942	4371
Wakulla	08/10/94	239	322

THIRTY-NINTH SUPPLEMENTAL INDENTURE dated July 1, 2001

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/16/01	2371	1703
Bay	07/24/01	2052	225
Brevard	07/24/01	4387	206
Citrus	07/16/01	1440	322
Columbia	07/24/01	931	1741
Dixie	07/23/01	262	1
Flagler	07/24/01	758	320
Franklin	07/26/01	671	542
Gadsden	07/23/01	529	134
Gilcrest	07/23/01	2001	3068
Gulf	07/24/01	262	872
Hamilton	07/23/01	504	59
Hardee	07/23/01	614	764
Hernando	07/16/01	1437	619
Highlands	07/16/01	1556	1380
Hillsborough	07/23/01	10952	1626
Jefferson	07/23/01	471	268
Lafayette	07/23/01	169	348
Lake	07/16/01	1974	2275
Leon	07/23/01	2530	74
Levy	07/23/01	752	726
Liberty	07/23/01	124	311
Madison	07/24/01	587	48
Manatee	07/23/01	1692	6974
Marion	07/16/01	2987	1131
Orange	07/16/01	6302	3365
Osceola	07/16/01	1902	1112
Pasco	07/16/01	4667	77
Pinellas	07/13/01	11475	2488
Polk	07/16/01	4751	1
Seminole	07/16/01	4128	170
Sumter	07/16/01	894	40
Suwannee	07/23/01	877	77
Taylor	07/23/01	464	215
Volusia	07/17/01	4714	4356
Wakulla	07/23/01	414	599

FORTIETH SUPPLEMENTAL INDENTURE dated July 1, 2002

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	07/19/02	2486	439
Bay	07/19/02	2164	520
Brevard	07/01/01	4641	2591
Citrus	07/19/02	1521	2
Columbia	07/19/02	958	500
Dixie	07/19/02	277	1
Flagler	07/24/02	838	776
Franklin	07/24/02	706	23
Gadsden	07/19/02	548	415
Gilchrist*	07/19/02	Instrument Number 2002 3363	
Gulf	07/19/02	285	369
Hamilton	07/19/02	530	143
Hardee	07/19/02	630	147
Hernando	07/19/02	1552	745
Highlands	07/19/02	1616	1919
Hillsborough	07/19/02	11790	0680
Jefferson	07/22/02	0492	0001
Lafayette	07/19/02	181	406
Lake	07/22/02	02145	1576
Leon	07/19/02	R2697	01718
Levy	07/19/02	795	531
Liberty	07/19/02	131	454
Madison	07/19/02	627	171
Manatee	07/19/02	1759	970
Marion	07/19/02	3203	0458
Orange	07/23/02	6573	5463
Osceola	07/22/02	2082	1419
Pasco	07/19/02	5012	1362
Pinellas	07/26/02	12128	1700
Polk	07/19/02	5064	0027
Seminole	07/23/02	4468	0429
Sumter	07/19/02	988	512
Suwannee	07/19/02	948	7
Taylor	07/19/02	484	562
Volusia	07/19/02	4898	2002
Wakulla	07/22/02	450	344

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-FIRST SUPPLEMENTAL INDENTURE dated February 1, 2003

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	03/10/03	2620	1182
Bay	03/20/03	2252	1616
Brevard	03/10/03	4845	847
Citrus	03/10/03	1580	537
Columbia	03/10/03	976	2505
Dixie	03/10/03	285	654
Flagler	03/10/03	905	1523
Franklin	03/12/03	729	424
Gadsden	03/10/03	561	1091
Gilchrist*	03/10/03	Instrument Number 2003	1224
Gulf	03/10/03	301	432
Hamilton	03/10/03	543	358
Hardee	03/10/03	640	218
Hernando	03/07/03	1636	204
Highlands	03/10/03	1660	726
Hillsborough	03/10/03	12427	1748
Jefferson	03/10/03	507	98
Lafayette	03/10/03	189	107
Lake	03/10/03	2276	2224
Leon	03/11/03	2827	95
Levy	03/10/03	826	208
Liberty	03/11/03	136	479
Madison	03/09/03	653	69
Manatee	03/07/03	1809	6624
Marion	03/10/03	3363	1414
Orange	03/10/03	6820	89
Osceola	03/10/03	2208	1762
Pasco	03/07/03	5267	216
Pinellas	03/06/03	12582	1011
Polk	03/06/03	5289	1762
Seminole	03/10/03	4745	970
Sumter	03/07/03	1052	4
Suwannee	03/10/03	995	83
Taylor	03/10/03	497	542
Volusia	03/10/03	5033	4056
Wakulla	03/10/03	478	79

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-SECOND SUPPLEMENTAL INDENTURE dated April 1, 2003

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	05/27/2003	2676	753
Bay	05/27/2003	2283	585
Brevard	06/06/2003	4935	345
Citrus	05/23/2003	1604	305
Columbia	05/23/2003	984	87
Dixie	05/23/2003	289	447
Flagler	05/27/2003	935	151
Franklin	05/27/2003	739	166
Gadsden	05/23/2003	566	840
Gilchrist*	05/23/2003	Instrument Number 2003002716	
Gulf	05/27/2003	307	784
Hamilton	05/23/2003	549	1
Hardee	05/28/2003	644	670
Hernando	05/23/2003	1671	1084
Highlands	05/23/2003	1676	1168
Hillsborough	05/28/2003	12682	320
Jefferson	05/23/2003	512	367
Lafayette	05/23/2003	191	373
Lake	05/22/2003	2324	1507
Leon	05/28/2003	2874	1027
Levy	05/27/2003	837	42
Liberty	05/27/2003	138	218
Madison	05/23/2003	664	225
Manatee	05/28/2003	1831	1979
Marion	05/30/2003	3426	1046
Orange	05/23/2003	6925	2125
Osceola	05/22/2003	2256	2207
Pasco	05/23/2003	5370	1906
Pinellas	05/23/2003	12767	1631
Polk	05/23/2003	5372	1233
Seminole	05/30/2003	4843	1879
Sumter	05/30/2003	1076	307
Suwannee	05/23/2003	1013	263
Taylor	05/28/2003	502	773
Volusia	06/02/2003	5084	4311
Wakulla	05/23/2003	488	388

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-THIRD SUPPLEMENTAL INDENTURE dated November 1, 2003

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	12/30/2003	2831	1359
Bay	01/12/2004	2385	484
Brevard	01/08/2004	5166	2137
Citrus	12/29/2003	1675	939
Columbia	12/30/2003	1003	767
Dixie	12/30/2003	300	401
Flagler	12/29/2003	1024	1365
Franklin	12/30/2003	769	78
Gadsden	12/29/2003	580	1923
Gilchrist*	12/30/2003	Instrument Number 2003006794	
Gulf	12/30/2003	327	232
Hamilton	12/29/2003	563	163
Hardee	12/29/2003	656	951
Hernando	12/31/2003	1776	1140
Highlands	12/29/2003	1727	647
Hillsborough	12/31/2003	13433	1463
Jefferson	12/30/2003	530	192
Lafayette	12/30/2003	199	454
Lake	12/30/2003	2478	691
Leon	01/08/2004	3018	255
Levy	01/05/2004	868	897
Liberty	12/30/2003	142	561
Madison	12/30/2003	695	129
Manatee	12/30/2003	1891	3077
Marion	01/05/2004	3610	1489
Orange	12/30/2003	7245	2525
Osceola	01/07/2004	2418	906
Pasco	12/30/2003	5676	531
Pinellas	12/23/2003	13265	2523
Polk	12/29/2003	5624	1278
Seminole	12/30/2003	5149	1458
Sumter	01/06/2004	1156	447
Suwannee	12/30/2003	1065	398
Taylor	12/30/2003	516	670
Volusia	12/29/2003	5232	3126
Wakulla	12/29/2003	518	436

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-FOURTH SUPPLEMENTAL INDENTURE dated August 1, 2004

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	09/08/2004	2989	679
Bay	09/20/2004	2503	1164
Brevard	09/10/2004	5358	4062
Citrus	09/08/2004	1761	1476
Columbia	09/08/2004	1025	1081
Dixie	09/08/2004	313	405
Flagler	09/10/2004	1141	1282
Franklin	09/07/2004	811	160
Gadsden	09/09/2004	596	209
Gilchrist*	09/08/2004	Instrument Number 2004004967	
Gulf	09/08/2004	351	826
Hamilton	09/08/2004	579	91
Hardee	09/07/2004	669	579
Hernando	09/09/2004	1897	1207
Highlands	09/07/2004	1787	1955
Hillsborough	09/16/2004	14220	1091
Jefferson	09/08/2004	552	115
Lafayette	09/10/2004	209	329
Lake	09/09/2004	2652	1330
Leon	09/10/2004	3158	1432
Levy	09/08/2004	905	525
Liberty	09/09/2004	148	295
Madison	09/08/2004	728	181
Manatee	09/09/2004	1955	6519
Marion	09/14/2004	3819	714
Orange	09/17/2004	7618	4387
Osceola	09/15/2004	2595	1666
Pasco	09/15/2004	6027	311
Pinellas	09/09/2004	13817	1552
Polk	09/09/2004	5915	905
Seminole	09/14/2004	5450	663
Sumter	09/17/2004	1267	646
Suwannee	09/08/2004	1133	1
Taylor	09/07/2004	532	603
Volusia	09/16/2004	5399	4694
Wakulla	09/08/2004	556	566

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-FIFTH SUPPLEMENTAL INDENTURE dated May 1, 2005

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	05/25/2005	3130	992
Bay	05/26/2005	2614	528
Brevard	05/31/2005	5474	4268
Citrus	06/03/2005	1862	2370
Columbia	05/26/2005	1047	766
Dixie	05/27/2005	327	196
Flagler	05/26/2005	1254	1518
Franklin	05/26/2005	853	323
Gadsden	05/26/2005	612	684
Gilchrist*	05/26/2005	Instrument Number 2005003072	
Gulf	05/26/2005	378	613
Hamilton	05/26/2005	594	4
Hardee	05/25/2005	683	104
Hernando	05/27/2005	2032	1078
Highlands	05/25/2005	1856	568
Hillsborough	06/01/2005	15064	90
Jefferson	05/24/2005	565	810
Lafayette	05/27/2005	220	324
Lake	05/26/2005	2843	2013
Leon	05/27/2005	3297	1711
Levy	05/26/2005	948	157
Liberty	05/27/2005	154	54
Madison	05/27/2005	760	251
Manatee	05/27/2005	2024	1257
Marion	06/07/2005	4061	390
Orange	05/24/2005	7983	1610
Osceola	06/09/2005	2802	2269
Pasco	05/27/2005	6391	357
Pinellas	05/23/2005	14330	1811
Polk	05/31/2005	6225	332
Seminole	05/27/2005	5741	1576
Sumter	05/26/2005	1382	1
Suwannee	05/26/2005	1199	54
Taylor	05/27/2005	549	201
Volusia	06/03/2005	5567	2445
Wakulla	05/27/2005	595	778

* Gilchrist County utilizes an instrument number indexing system rather than a book/page indexing system.

FORTY-SIXTH SUPPLEMENTAL INDENTURE dated September 1, 2007

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	10/15/2007	3691	1036
Bay	10/15/2007	2984	1808
Brevard	10/19/2007	5819	7058
Citrus	10/16/2007	2167	1649
Columbia	10/15/2007	1133	1243
Dixie	10/18/2007	379	107
Flagler	10/16/2007	1620	800
Franklin	10/15/2007	950	1
Gadsden	10/17/2007	681	453
Gilchrist*	10/16/2007	Instrument Number 2007006252	
Gulf	10/18/2007	448	17
Hamilton	10/15/2007	652	1
Hardee*	10/17/2007	Instrument Number 200725009084	
Hernando	10/15/2007	2499	1518
Highlands	10/16/2007	2103	1577
Hillsborough	10/17/2007	18191	597
Jefferson*	10/19/2007	Instrument Number 200733129980	
Lafayette	10/16/2007	262	275
Lake	10/16/2007	3524	2021
Leon	10/16/2007	3778	1808
Levy	10/15/2007	1097	616
Liberty	10/15/2007	175	1
Madison	10/15/2007	881	284
Manatee	10/16/2007	2231	362
Marion	10/16/2007	4910	461
Orange	10/17/2007	9473	4445
Osceola	10/15/2007	3578	1571
Pasco	10/16/2007	7663	343
Pinellas	10/11/2007	16013	1452
Polk	10/16/2007	7455	1559
Seminole	11/20/2007	6871	27
Sumter	10/16/2007	1854	167
Suwannee	10/15/2007	1420	130
Taylor	10/15/2007	610	413
Volusia	10/16/2007	6141	278
Wakulla	10/15/2007	731	256

* Gilchrist, Hardee and Jefferson Counties utilize an instrument number indexing system rather than a book/page indexing system.

Surface Transportation Board filing : Document number 27455, recorded on April 7, 2008

FORTY-SEVENTH SUPPLEMENTAL INDENTURE dated December 1, 2007

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	1/11/2008	3729	1099
Bay	1/11/2008	3012	924
Brevard	1/16/2008	5838	4532
Citrus	1/11/2008	2187	112
Columbia	1/11/2008	1140	1338
Dixie	1/17/2008	383	1
Flagler	1/14/2008	1638	232
Franklin	1/11/2008	956	429
Gadsden	1/15/2008	686	1438
Gilchrist*	1/11/2008	Instrument number 2008000227	
Gulf	1/14/2008	452	419
Hamilton	1/11/2008	656	256
Hardee*	1/10/2008	Instrument number 200825000197	
Hernando	1/11/2008	2525	829
Highlands	1/10/2208	2119	119
Hillsborough	1/14/2008	18375	428
Jefferson*	1/11/2008	Instrument number 200833000172	
Lafayette	1/14/2008	265	337
Lake	1/11/2008	3567	2417
Leon	1/14/2008	3812	243
Levy	1/11/2008	1108	521
Liberty	1/14/2008	176	526
Madison	1/11/2008	891	71
Manatee	1/11/2008	2242	4715
Marion	1/14/2008	4964	518
Orange	2/18/2008	9602	277
Osceola	1/10/2008	3624	1400
Pasco	1/11/2008	7735	1309
Pinellas	1/15/2008	16119	240
Polk	1/14/2008	7530	1569
Seminole	1/14/2008	6907	866
Sumter	1/11/2008	1891	308
Suwannee	1/11/2008	1436	400
Taylor	1/11/2008	615	164
Volusia	1/14/2008	6179	2404
Wakulla	1/11/2008	741	22

*Gilchrest, Hardee and Jefferson Counties utilize an instrument number indexing system rather than a book/page indexing system.

Surface Transportation Board filing: Document number 27455-A, recorded on April 7, 2008

FORTY-EIGHTH SUPPLEMENTAL INDENTURE dated June 1, 2008

STATE OF FLORIDA

County	Date of Recordation	Book	Page
Alachua	6/13/2008	3799	651
Bay	6/30/2008	3063	715
Brevard	7/02/2008	5874	3269
Citrus	6/13/2008	2223	1494
Columbia	6/30/2008	1153	1442
Dixie	7/01/2008	391	1
Flagler	7/01/2008	1669	378
Franklin	6/30/2008	968	373
Gadsden	6/30/2008	696	1067
Gilchrist*	7/03/2008	Instrument number 2008003591	
Gulf	6/30/2008	461	1
Hamilton	6/30/2008	665	310
Hardee*	6/27/2008	Instrument number 200825005011	
Hernando	6/13/2008	2570	1746
Highlands	6/13/2008	2145	308
Hillsborough	7/02/2008	18729	956
Jefferson*	6/30/2008	Instrument number 200833002125	
Lafayette*	7/08/2008	Instrument number 200834001431	
Lake	6/13/2008	3640	1530
Leon	6/30/2008	3875	1363
Levy	6/13/2008	1127	115
Liberty	7/07/2008	181	252
Madison	6/30/2008	912	285
Manatee	6/27/2008	2264	7699
Marion	6/13/2008	5051	1339
Orange	6/13/2008	9711	4102
Osceola	6/13/2008	3699	1687
Pasco	6/13/2008	7860	610
Pinellas	6/12/2008	16285	454
Polk	6/13/2008	7653	1238
Seminole	6/13/2008	7011	1530
Sumter	6/13/2008	1961	271
Suwannee	6/30/2008	1470	367
Taylor	6/30/2008	624	665
Volusia	6/13/2008	6243	719
Wakulla	6/30/2008	759	351

*Gilchrest, Hardee, Jefferson and Lafayette Counties utilize an instrument number indexing system rather than a book/page indexing system.

Surface Transportation Board filing: Document number 27455-B, recorded on August 6, 2008

EXHIBIT B

PROPERTY DESCRIPTIONS

Doc Type	Grantor	County	State	Record Date	Deed Book	Deed Page	Section Township Range	Notes
D	THAYER, JR. THOMAS A., D/B/A T-TWO GROVES	POLK	FL	9/17/2007	7427	2202	35-28S-27E	The West 800 feet of the South ½ of the Southwest ¼ of the Northwest ¼ of Section 35, Township 28 South, Range 27 East, in Polk County, Florida, LESS AND EXCEPT parcel recorded in OR Book 5176, Page 961, and a parcel recorded in OR Book 427, Page 715, all of the Public records of Polk County, Florida, LESS AND EXCEPT right-of-way of record for State Road 17 (Alternate U.S. Highway 27-Scenic Highway). (DUNDEE SUBSTATION EXPANSION)
TR	AMESTOY, RICHARD B.; JOHN I WHITWORTH III; MARK A. PERRY	POLK	FL	12/5/07	7498	507	16-30S-26E; 15-30S-26E;	ITEM 60(PF) - BEG AT THE SW COR OF BLK 18, ALTURAS, PLAT 4/62, M & B; ITEM 60.01(PF) - COM AT THE NW COR OF THE NE 1/4 OF THE SW 1/4 OF SEC 15, M & B;
TR	INTERNAL IMPROVEMENT TRUST FUND	SUMTER	FL	12/13/07	1879	574	01-23S-23E; 12-23S-23E; 13-23S-23E; 25-23S-23E; 36-23S-23E; 01-24S-23E; 02-24S-23E; 03-24S-23E; 04-24S-23E; 05-24S-23E; 24-23S-23E;	EASEMENT IS FOR SUMTER COUNTY ONLY; M & B, BEGIN AT NE CORNER OF SEC 1/23/23; EXPIRES 12/16/2057 WITH NO RENEWAL OPTION
TR	HAWTHORNE, SR., GREGORY L.	POLK	FL	12/20/07	7513	532	04-29S-27E;	M & B; WASHINGTON PARK, LOT 6, BLK 3, PLAT 31/38, COM AT THE S 1/4 COR OF SEC
TR	RAGNAUTH, JAIPERSAUD AND DEENAH RAGNAUTH	POLK	FL	12/20/07	7513	526	04-29S-27E;	M & B; WASHINGTON PARK, LOTS 7 AND 8, BLK 6, PLAT 31/38, COM AT THE S 1/4 COR OF SEC
TR	SANCHEZ, RADHAMES A. AND SHAWN L. SANCHEZ	ORANGE	FL	12/27/07	9546	2648	13-22S-28E;	WESTWOOD HEIGHTS, LOT 58, BLK A
TR	GINKEL TRUST, LESTER E. (THE); GINKEL TRUST, EVANGELINE L. (THE); KENDON LYNN GINKEL	ORANGE	FL	1/2/08	9550	4857	13-22S-28E;	SILVER STAR TERRACE, LOTS 24, 25 & 26, A PARCEL OF LAND LYING WHOLLY WITHIN THE NE 1/4 OF THE NE 1/4 OF SEC, BEG AT THE SW COR OF THAT PARCEL
TR	GRANT, TONY	ORANGE	FL	1/2/08	9550	4862	13-22S-28E;	SP DEVELOPMENT, LOT 2, A PARCEL OF LAND LYING AND BEING WHOLLY WITHIN THE NW 1/4 OF THE NE 1/4 OF SEC, COM AT THE SE COR OF LOT
TR	BOSSERMAN REVOCABLE TRUST, KENNETH E.; BOSSERMAN, GLADYS T., CO-TRUSTEE AND RICHARD E. BOSSERMAN, SUCCESSOR CO-TRUSTEE	LAKE	FL	1/3/08	3562	1132	01-22S-25E;	M & B; FROM NW COR GOVT LOT 1
TR	INFANTE, OMAYRA	ORANGE	FL	1/8/08	9558	2558	13-22S-28E;	M & B; SILVER STAR HOMES, LOT 1, LYING WITHIN THE NE 1/4 OF THE NW 1/4 OF SEC, COM AT THE SW COR OF THE SW 1/4 OF THE NE 1/4 OF THE NW 1/4 OF SEC
TR	LEGVOLD, TERRY L.	ORANGE	FL	1/8/08	9558	2573	13-22S-28E;	M & B; SILVER STAR HOMES, LOT 20, LYING WITHIN THE NW 1/4 OF THE NE 1/4 OF SEC, OR 6259/5236, COM AT THE SE COR OF LOT 20, PLAT W/117
TR	PROSPER, MAX B. AND MARIE PROSPER	ORANGE	FL	1/8/08	9558	2568	13-22S-28E;	M & B; SILVER STAR TERRACE, LOT 21, PART 22, LYING WITHIN THE NW 1/4 OF THE NE 1/4 OF SEC, COM AT THE SW COR OF PARCEL OF LAND AS RECORDED IN OR 8712/2410
TR	SILVERSTAR2000 AS TRUSTEE	ORANGE	FL	1/8/08	9558	2563	13-22S-28E;	S 175' OF E 180' OF SE 1/4 OF NE 1/4 OF NW 1/4; COM AT THE SW COR OF THE NW 1/4 OF THE NE 1/4 OF SEC

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TR	CARR, KEITH EDWIN AND NANCY ANN CARR	LAKE	FL	1/16/08	3569	1523	35-21S-25E;	M & B; E 1/2 OF SE 1/4 OF SW 1/4
TR	ALANCARL, LLC.	POLK	FL	1/22/08	7535	1006	09-29S-27E;	M & B; BEG SW COR OF SW 1/4 OF SW 1/4
TR	PAYARKISA, SUMRIT DECOSEY	POLK	FL	1/22/08	7535	1012	09-29S-27E;	THE W 59.45' OF THE E 620.45' OF THE S 132' OF THE N 462' OF THE W 1/2 OF THE NW 1/4 OF THE NE 1/4 OF SEC
TR	SAFE-T-STORAGE, INC.	LAKE	FL	1/22/08	3571	2273	36-21S-25E;	M & B; COM AT THE SE COR OF SEC
TR	GASQUE III, BRAD AND VICTORIA GASQUE AKA VICTORIA PETERSEN	SUMTER	FL	1/23/08	1895	198	18-20S-23E	ABANDONED RAILROAD CORRIDOR;
TR	ROBINSON, WILLIAM AND THOMAS ROBINSON	POLK	FL	1/23/08	7537	1477	09-29S-27E;	LOT 12, ROBINSON'S 2MD SUBD, PLAT 37/4
TR	WAVERLY GROWERS COOPERATIVE	POLK	FL	1/23/08	7437	1483	04-29S-27E;	BLK 3, LOT 7 OF WASHINGTON PARK SUBD, PLAT 31/38
TR	WAVERLY GROWERS COOPERATIVE	POLK	FL	1/23/08	7537	1489	04-29S-27E;	BLK 2, LOTS 5 AND 6 FO THE WASHINGTON PARK SUBD, PLAT 31/38
TR	WAVERLY GROWERS COOPERATIVE	POLK	FL	1/23/08	7537	1495	04-29S-27E;	M & B; COM AT THE SW COR OF THE SW 1/4 OF SEC
TR	MOORE, BARBARA L., FAMILY TRUST; BARBARA L. MOORE; JAMES DOUGLAS MANN; GEORGE W. MANN III; SYLVIA PEGGY C. MANN, TRUSTEE OF THE SYLVIA PEGGY C. MANN REVOCABLE LIVING TRUST	POLK	FL	1/28/08	7540	1067	04-29S-27E;	M & B; WASHINGTON PARK, BEG AT THE N 1/4 COR OF SEC
TR	OKAMARION VENTURES, LLC.	POLK	FL	1/28/08	7540	1081	09-29S-27E;	M & B; NW COR OF THE SE 1/4 OF THE SW 1/4 OF SEC
TR	OKAMARION VENTURES, LLC.	POLK	FL	1/28/08	7540	1085	09-29S-27E; 08-29S-27E	M & B; SW 1/4 AND THE NE 1/4 OF THE SW 1/4 OF SEC
TR	WASHINGTON, ROBERT, REVOCABLE TRUST	POLK	FL	1/28/08	7540	1075	30-29S-27E;	SE 1/4 OF THE SW 1/4 OF SEC, COM AT THE S 1/4 OF SEC
TR	ALDI, LLC.	POLK	FL	3/13/08	7576	2265	04-28S-27E	M & B; COM AT THE SE COR OF THE SE 1/4 OF SEC
TR	HILLTOP OF HAINES CITY, INC.	POLK	FL	3/13/08	7576	2261	04-28S-27E	M & B; COM AT THE SE COR OF THE SE 1/4 OF SEC
TR	IVEY GROVES, LTD	POLK	FL	3/13/08	7576	494	06-30S-27E;	NW COR OF THE E 1/2 OF THE E 1/2 OF THE NW 1/4 OF SEC
TR	POLK COUNTY	POLK	FL	3/13/08	7576	488	09-29S-27E;	M & B; THAT PART OF THE SW 1/4 OF THE NE 1/4 OF SEC, COM AT THE NW COR OF THE SW 1/4 OF THE NE 1/4 OF SEC
TR	SWEET, SAMUEL	POLK	FL	3/13/08	7576	498	09-29S-27E;	THE S 125' OF THE N 960' OF THE W 1/2 OF THE NW 1/4 OF THE NE 1/4, LYING E OF HODGE RD
TR	MOUNT MORIAH PRIMITIVE BAPTIST CHURCH, INC.	POLK	FL	3/24/08	7585	590	09-29S-27E;	M & B; S 50' OF N 1060' OF W 1/2 OF NW 1/4 OF NE 1/4 OF SEC, COM AT THE NW COR OF SEC
TR	DEPUE RANCH, LLC.	PASCO	FL	4/25/08	7820	900	04-26S-20E	M & B; COM AT THE INTERSECTION OF THE S BOUNDARY OF THE SE 1/4 OF SEC WITH THE SELY ROW LINE OF CR 577, OR 5916/525
D	GONZALEZ, GARY B. AND CONSTANCE H. GONZALEZ	ORANGE	FL	4/25/08	9671	536	19-22S-32E	LOTS 4, 5, 6 AND 7, SEAWARD PLANTATION ESTATES, PLAT T/109

Doc Type	Grantor	County	State	Record Date	Deed Book	Deed Page	Section Township Range	Notes
TR	NUTT, DENNIS AKA ROBERT DENNIS NUTT AND MARY F. NUTT	PASCO	FL	4/25/08	7820	884	03-26S-20E	M & B; COM AT THE SW COR OF SEC, OR 313/404 AND COM AT THE SW COR OF SEC, OR 273/222 AND COM AT THE NW COR OF THE NW 1/4 OF THE NE 1/4 OF SEC, OR 313/404
TR	NUTT, MARY F. REVOCABLE TRUST	PASCO	FL	4/25/08	7820	895	03-26S-20E	M & B; COM AT THE NW COR OF THE NW 1/4 OF THE NE 1/4 OF SEC, OR 5606/859
D	TARNECKI, KEITH ; JAMES T. SHOW; SUSAN SHOW	ORANGE	FL	4/25/08	9671	2792	19-22S-32E	LOT 3, BLK A, SEAWARD PLANTATION ESTATES, PLAT T/109
TR	I-4 HOWLAND INVESTMENTS, LLC	VOLUSIA	FL	6/11/08	6242	674	07-18S-31E;	WLY 80' OF THE ELY 150' OF THE NE 1/4 OF SEC
TR	PINELLAS COUNTY	PINELLAS	FL	6/12/08	16285	402	17-30S-15E;	Part of Lot 1 of Pinellas Groves PB 1 PG 55; Fee Sale with Easement Reservation
TR	SUWANNEE COUNTY	SUWANNEE	FL	6/20/08	1468	338	21-05S-15E;	M & B; THE N 33' OF THE W 1/2 OF THE NW 1/4 OF SEC, COM AT THE NW COR OF SEC
TR	301 INVESTMENT LAND TRUST, LOWELL F. CLARK TRUSTEE	SUMTER	FL	7/7/08	1970	551	24-20S-22E	NW 1/4 OPF NW 1/4 OF SEC
TR	ARMSTRONG REUNION, LLC.	POLK	FL	7/8/08	7671	1094	03-26S-27E	M & B; A PORTION OF THE NE 1/4 OF THE NE 1/4 OF SEC, BEG AT THE NW COR OF THE W 1/2 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	GRANT, JEFFREY T.; MARIE GRANT MACKEY	POLK	FL	7/23/08	7682	1402	06-26S-28E;	BEING PART OF THE W 1/4 OF THE SE 1/4 OF THE SW 1/4 OF SEC
D	CENTER LAKE PROPERTIES, LTD.	LAKE	FL	7/30/08	3659	2237	02-23S-26E;	COM AT THE E 1/4 OF SEC, THEN M & B:
TR	AMOS, GERALD AND BARBARA AMOS	POLK	FL	7/31/08	7687	1935	25-27S-27E;	LOT 9, HALA HEIGHTS SUBD, PLAT 58/46
TR	CONNER, DARYL H. FKA DARLY H. WALKER FKA DARYL H. TOADVINE AND DANNY C. CONNER	POLK	FL	7/31/08	7687	1893	13-28S-27E;	W 1/4 OF THE W 1/2 OF THE SE 1/4 OF THE SE 1/4 OF SEC
TR	DUNN, EUGENE WILSON AND KARRIE DIANE DUNN	POLK	FL	7/31/08	7687	1886	25-27S-27E;	NE 1/4 OF THE SE 1/4 OF THE NE 1/4 OF SEC
TR	GREENLEE, GREGORY J.	POLK	FL	7/31/08	7687	1928	25-27S-27E;	E 1/2 OF THE SW 1/4 OF THE NE 1/4 OF SEC
TR	IRMA GAMEZ	POLK	FL	7/31/08	7687	1914	25-27S-27E;	LOT 7, HALA HEIGHTS SUBD, PLATN 58/46
TR	JACKSON, CARRIE M.	POLK	FL	7/31/08	7687	1970	25-27S-27E;	NE 1/4 OF THE SE 1/4 OF THE NE 1/4, BEING LOTS 16 AND 17 ON UNREC SURVEY IN SEC
TR	JOHNSON, ROBERT C. AND TINA JOHNSON	POLK	FL	7/31/08	7687	1921	25-27S-27E;	LOT 10, HALA HEGHTS USBD, PLAT 58/46
TR	JONES, TERRY E.	POLK	FL	7/31/08	7687	1977	25-27S-27E;	SE 1/4 OF THE NE 1/4 OF SEC
TR	KANE, VALERIE M., AS TRUSTEE OF THE KANE REVOKABLE TRUST	POLK	FL	7/31/08	7687	1949	36-28S-27E;	W 1/2 OF THE SW 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	LAWSON, DAVID R. AND DEBRA LAWSON	POLK	FL	7/31/08	7687	1900	13-28S-27E;	W 1/2 OF THE S 1/4 OF THE NE 1/4 OF THE SE 1/4 OF SEC
TR	LEMUS, MIGUEL AND VIRGINIA LEMUS	POLK	FL	7/31/08	7687	1907	25-27S-27E;	LOT 8, HALA HEIGHTS SUBD, PLAT 58/46
TR	MATHER, MARK	POLK	FL	7/31/08	7687	1963	25-27S-27E;	SE COR OF THE S 1/2 OF THE SE 1/4 OF THE NE 1/4 OF SEC

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TR	MITCHEM, CHARLES	POLK	FL	7/31/08	7687	1956	25-27S-27E	LOT 6, HALA HEIGHTS SUBD, PLAT 58/46
TR	VICKERS, ROGER	POLK	FL	7/31/08	7687	1879	06-26S-28E;	S 100' OF THE N 300' OF THE SE 1/4 OF SW 1/4 LYING W OF US 92 IN SEC
TR	YAGER, ROBERT E. AND ANN W. YAGER	POLK	FL	7/31/08	7687	1942	25-27S-27E;	LOT 12, HALA HEIGHTS SUBD, PLAT 58/46
TR	CARPENTER, SUSAN H.	ORANGE	FL	8/6/08	9740	6122	23-22S-27E;	MOORES SUBD, LOT 5, PLAT R/138
TR	CHO, BUM AND YOUNG JAE CHO	ORANGE	FL	8/6/08	9740	6114	23-22S-27E;	MOORES SUBD, LOTS 2 AND 3, PLAT R/138
TR	GLOVER, JOHN P. AND NINA J. GLOVER	ORANGE	FL	8/6/08	9740	6118	23-22S-27E;	MOORES SUBD, LOT 4, PLAT R/138
TR	PARKHURST, THOMAS J. AND ELIZABETH D. PARKHURST	ORANGE	FL	8/6/08	9740	6116	23-22S-27E;	OVERSTREET CRATE COMPANY SUBD ADDITION TO WINTER GARDEN, LOT 1, BLK B, PLAR F/9
TR	PORTER, FLOYD RAYMOND	ORANGE	FL	8/6/08	9740	6120	23-22S-27E;	OVERSTREET CRATE COMPANY SUBD ADDITION TO WINTER GARDEN, LOT 1, BLK B, PLATF/9
TR	PORTER, JANET	ORANGE	FL	8/6/08	9740	6112	23-22S-27E;	OVERSTREET CRATE COMPANY SUBD, LOT 1, BLK B, PLAT F/9
TR	BONILLA, SANDRA	PASCO	FL	8/21/08	7910	24	22-24S-21E;	LOTS 1, 24, 25, 26, 27, 28, BLK 8, LAKE GEORGE, PLAT 4/32
TR	ABEAR, ELMER AND IMELAD ABEAR	POLK	FL	8/22/08	7703	1444	24-27S-27E;	N 330.25' OF THE E 131.92' OF THE E 1/2 OF THE NE 1/4 OF THE SE 1/4 OF SEC
TR	COEN, JR., MARTIN M.	ORANGE	FL	8/22/08	9746	5407	23-22S-27E;	SOLOMON SUBD, LOT 4, PLAT Q/169
TR	INTERIANO, VERNON	POLK	FL	8/22/08	7703	1381	25-27S-27E;	E PART OF THE NE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	LIVELY, EDWARD LEE	POLK	FL	8/22/08	7703	1395	06-26S-28E;	PART OF THE SE 1/4 OF TEH SW 1/4 OF THE NW 1/4 OF SEC
TR	LIVELY, EDWARD LEE	POLK	FL	8/22/08	7703	1388	06-26S-28E;	PART OF THE SE 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	LOPEZ, JORGE; ALVARO GARCIA; OFELIA GARCIA;	ORANGE	FL	8/22/08	9746	5404	23-22S-27E;	M & B; OVERSTREET CRATE COMPANYS ADDITION TO WINTER GARDEN, LOT 2, PLAT F/9
TR	LOPEZ, SALVADOR	POLK	FL	8/22/08	7703	1473	36-27S-27E;	THE NE 1/4 OF THE NW 1/4 OF SEC
TR	LOPEZ, SALVADOR AND AGUSTINA R. LOPEZ	POLK	FL	8/22/08	7703	1466	25-27S-27E;	THE SW 1/4 OF THE SE 1/4 OF SEC
TR	LOPEZ, SR., SALVADOR	POLK	FL	8/22/08	7703	1437	25-27S-27E;	PART OF THE NW 1/4 OF THE SE 1/4 OF SEC
TR	LOPEZ, SR., SALVADOR	POLK	FL	8/22/08	7703	1458	25-27S-27E;	PART OF THE NW 1/4 OF THE SE 1/4 OF SEC
TR	LOPEZ, SR., SALVADOR	POLK	FL	8/22/08	7703	1451	25-27S-27E;	PART OF THE NW 1/4 OF THE SE 1/4 OF SEC
TR	MONK, RONALD B.; THOMAS MC LARRIN	ORANGE	FL	8/22/08	9746	5409	23-22S-27E;	M.C. BRITT SUBD NO. 1, LOTS 10 AND 11, PLATK/145
TR	MORRIS, SHIRLEY ROSITA	POLK	FL	8/22/08	7703	1374	13-28S-27E;	S 1/2 OF THE N 1/2 OF THE NE 1/4 OF THE SE 1/4 OF SEC
TR	MOYE, STEPHEN L. AND SHIRLEY S. MOYE	POLK	FL	8/22/08	7703	1416	12-28S-27E;	E PART OF THE E 1/2 OF THE SW 1/4 OF THE SE 1/4 OF SEC
TR	MOYE, STEPHEN L. AND SHIRLEY S. MOYE	POLK	FL	8/22/08	7703	1409	12-28S-27E;	W 2' OF THE SE 1/4 OF THE SE 1/4 OF SEC

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TR	NEW MACEDONIA CHURCH AND MINISTRIES, INC.	ORANGE	FL	8/22/08	9746	5411	23-22S-27E;	SOLOMON SUBD, LOTS 5 AND 6, PLAT Q/169
TR	PREVATT, TEMPIE ANN	POLK	FL	8/22/08	7703	1480	25-27S-27E;	E 1/2 OF THE SE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF THE NE 1/4
TR	PRINCE, BETTY JANE	ORANGE	FL	8/22/08	9746	5402	23-22S-27E;	THE N 10' OF THE E 46.55' OF THE W 79.5' OF LOT 1, BLK B, OVERSTREET CRATE COMPANYS ADDITION TO WINTER GARDEN, PLAT F/9
TR	SMITH, PAUL AND PENNY SMITH	POLK	FL	8/22/08	7703	1487	25-27S-27E;	E 1/2 OF THE SE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	SOUTHERLAND, JOSEPH DAVID AND BRIDGET LYNN SOUTHERLAND	POLK	FL	8/22/08	7703	1430	25-27S-27E;	LOT 13, HALA HEIGHTS SUBD, PLAT 58/46
TR	STAMEY, THOMAS S. AND RHONDA M. STAMEY	POLK	FL	8/22/08	7703	1423	13-28S-27E;	W 1/2 OF THE N 1/2 OF THE S 1/2 OF TH NE 1/4 OF THE SE 1/4 OF SEC
TR	VELA, LUIS M.	POLK	FL	8/22/08	7703	1402	06-26S-28E;	S 180' (APRX) OF THE NW 1/4 OF THE NW 1/4 AND THE N 180' (APRX) OF THE SW 1/4 OF THE NW 1/4 LYING W OF THE OSCEOLA/POLK COUNTY LINE
TR	WILSON, RAYMOND AND CYNTHIA WILSON	POLK	FL	8/22/08	7703	1370	06-26S-28E;	PART OF THE SW 1/4 OF THE SW 1/4 OF THE SW 1/4 OF SEC
TR	LANGE, KARL C.	POLK	FL	8/26/08	7727	1592	13-27S-27E;	PART OF N 1/2 OF THE SE 1/4 OF SEC
TR	AMERICAN EQUITITES LTD. NO. 7, L.P.	POLK	FL	8/29/08	7708	1289	31-26S-28E;	S 1/2 OF THE NW 1/4 OF NW 1/4 AND SW 1/4 OF NW 1/4 AND SW 1/4 OF SW 1/4 OF SEC
TR	AMERICAN EQUITITES LTD. NO. 7, L.P.	POLK	FL	8/29/08	7708	1303	31-26S-28E;	NW 1/4 OF THE SW 1/4 OF SEC
TR	BETTS, HORACE	POLK	FL	8/29/08	7708	1310	06-26S-28E;	M & B; PART OF THE SE 1/4 OF THE NW 1/4 OF THE SW 1/4 OF SEC
TR	CERVANTES, ISRAEL AND JERONIMA YURI CERVANTES	POLK	FL	8/29/08	7708	1335	25-27S-27E;	E PART OF THE SE 1/4 OF THE NE 1/4 OF THE NE 1/4
TR	CERVANTES, ISRAEL AND JERONIMA YURI CERVANTES	POLK	FL	8/29/08	7708	1328	25-27S-27E;	LOT 3, UNREC SURVEY, E PART OF THE SE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	CERVANTES, ISRAEL AND JERONIMA YURI CERVANTES	POLK	FL	8/29/08	7708	1321	25-27S-27E;	E PART OF THE NE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	HOWARD, JEWEL AND JO ANN HOWARD	POLK	FL	8/29/08	7708	1296	06-26S-28E;	M & B; SE 1/4 OF THE SW 1/4 OF SEC
TR	KOON, JOHNNY D AND TERESA K. KOON; KELLY W. CALIHAN	POLK	FL	8/29/08	7708	1342	13-28S-27E;	E 252.33' OF THE NW 1/4 OF THE NE 1/4 OF SEC
TR	KOON, JOHNNY D. AND TERESA K. KOON	POLK	FL	8/29/08	7708	1314	13-28S-27E;	N 605.3' OF THE E 252.33' OF THE NW 1/4 OF THE NE 1/4 OF SEC
TR	AUERRELL, AMANDA AND ANDRIA AUERRELL	ORANGE	FL	9/2/08	9750	7426	23-22S-27E;	M.C. BRITT SUBD NO. 1, LOTS 5, 6 AND W 12.5' OF LOT 7, PLAT K/145
TR	GAYBOR, BELLA LETICIA	ORANGE	FL	9/2/08	9750	7432	23-22S-27E;	SOLOMON SUBD, LOT 1, PLAT Q/169
TR	KAKNES, RICHARD AND JUDY KAKNES	ORANGE	FL	9/2/08	9750	7430	23-22S-27E;	M.C. BRITT SUBD NO. 1, LOT 12, PLAT K/145
TR	WEST, THOMAS SCOTT AND KRISTEN KELLY WEST	ORANGE	FL	9/2/08	9750	7428	23-22S-27E;	SOLOMON SUBD, PLAT Q/169

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TR	DUNDEE, TOWN OF	POLK	FL	9/5/08	7713	222	34-28S-27E;	LOT 11, FLORIDA HIGHLANDS COMPANY SUBD, PB 1/87, IN NE 1/4 OF SW 1/4 OF NE 1/4 OF SEC
TR	WHEELER (MARK) GROVES, INC.	POLK	FL	9/5/08	7713	220	34-28S-27E;	LOTS 9, 10, 23 AND 24, FLORIDA HIGHLANDS COMPANY'S SUBD, PLAT 1/87
TR	BEMALES, JOSE	ORANGE	FL	9/8/08	9754	7687	23-22S-27E;	M.C. BRITT SUBD NO. 1, LOT 2, PLAT K/145
TR	GETTINGS, GLEN W. AND CALLIOPE A. GETTINGS	ORANGE	FL	9/11/08	9758	1571	20-22S-28E;	M & B; BEG NW COR OF NW 1/4 OF SW 1/4
TR	KELSEY, PHILIP AND JANET KELSEY	ORANGE	FL	9/11/08	9758	1569	23-22S-27E;	N 10' OF LOT 2, SOLOMON SUBD, PLAT Q/169
TR	NEWELL, GWENDOLYN	POLK	FL	9/11/08	7716	1833	13-28S-27E;	W 1/2 OF THE N 1/4 OF THE NE 1/4 OF THE SE 1/4 OF SEC
TR	ROUSEY, ROBERT L. AND JANE E. ROUSEY	POLK	FL	9/11/08	7716	1826	36-28S-27E;	W 1/2 OF THE NW 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	SUAREZ, ISRAEL RODRIGUEZ; SUSANA SANTANA	POLK	FL	9/11/08	7716	1840	13-28S-27E;	THE N 259' OF THE S 494' OF THE E 252.33' OF THE NW 1/4 OF THE NE 1/4 OF SEC
TR	THOMPSON, JESSE W. AND LISA M. THOMPSON	POLK	FL	9/11/08	7716	1847	25-27S-27E;	E PART OF THE NE 1/4 OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	MURPHY, JOHN E. AND LESSIE V. MURPHY	ORANGE	FL	9/15/08	9760	3081	23-22S-27E;	N 10' OF LOT 6, NOORES SUBD, PLAT R/138
TR	CASSELBERRY, CITY OF	SEMINOLE	FL	9/16/08	7064	932	04-21S-30E;	25' WIDE HELEN ST LYING ON THE W SIDE OF JOHNSON'S POULTRY FARMS AND W 25' (AKA HELEN ST) OF LEW-JIM SUBD
TR	ALTERNATE 27 DUNDEE GROVE PARTNERSHIP, LLP.	POLK	FL	9/22/08	7723	514	25-28S-27E;	NE 1/4 FO THE SW 1/4 AND SE 1/4 OF THE SW 1/4 OF SEC
TR	DUNDEE DEVELOPMENT, INC.	POLK	FL	9/22/08	7723	540	34-28S-27E;	NW 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	DUNDEE INVESTMENTS, LLC.	POLK	FL	9/22/08	7723	557	34-28S-27E;	PART OF THE SE 1/4 OF THE NW 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOT 13
TR	DUNDEE INVESTMENTS, LLC.	POLK	FL	9/22/08	7723	554	34-28S-27E;	SW 1/4 OF THE NE 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOTS 12, 21, 22
TR	FARMER, ELLERY BRICE AND NICOLE FARMER	POLK	FL	9/22/08	7723	486	36-28S-27E;	NE 1/4 OF THE NW 1/4 OF SEC
TR	PIPER, JEFF	POLK	FL	9/22/08	7723	500	07-27S-28E;	W 1/2 OF THE NW 1/4 OF SEC
TR	PLOWDEN, JAMES W.	POLK	FL	9/22/08	7723	482	13-27S-27E;	THE SE 1/4 OF THE SE 1/4 OF THE NE 1/4 OF THE SE 1/4 OF SEC
TR	RALEY, INC, THELMA C.	POLK	FL	9/22/08	7723	551	33-28S-27E;	PART OF THE SW 1/4 OF THE NE 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOTS 16, 25 AND 26
TR	RALEY, INC, THELMA C.	POLK	FL	9/22/08	7723	542	34-28S-27E;	PART OF THE SW 1/4 OF THE NW 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOT 15
TR	RALEY, INC, THELMA C.	POLK	FL	9/22/08	7723	545	34-28S-27E;	PART OF THE SW 1/4 OF THE NW 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOTS 16, 17 AND 18

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TR	RALEY, INC, THELMA C.	POLK	FL	9/22/08	7723	548	33-28S-27E;	PART OF THE SE 1/4 OF THE NE 1/4 OF SEC, FLORIDA HIGHLANDS COMPANY SUBD, LOTS 13 AND 14
TR	STEPHENS, THOMAS M.	POLK	FL	9/22/08	7723	507	25-27S-27E;	N 1/2 OF THE SE 1/4 OF THE NE 1/4 OF SEC
TR	SUSI, JOSE AND JERRY SUSI	OSCEOLA	FL	9/22/08	3768	267	36-25S-27E;	LOT 12, POMERANCE PARK, UNIT 1 IN THE E 1/2 OF THE SE 1/4 OF THE SE 1/4 OF THE SE 1/4 OF SEC
D	COMMONWEALTH OFFICE PARK OF LAND O' LAKES, LLC.	PASCO	FL	9/29/08	7934	1382	25-26S-18E	A PORTION OF THE E 3/4 OF THE NW 1/4, COM AT THE NW COR OF THE NW 1/4 OF SEC, THEN M & B;
D	FORD, JACQUELINE R.	ORANGE	FL	10/1/08	9768	6937	23-22S-27E	THE W 46.56' OF TEH E 153.29' OF LOT 2, BLK B, OVERSTREET CRATE COMPANY'S ADDITION TO WINTER GARDEN, PLAT F/9
TR	B & D, LLC.	POLK	FL	10/6/08	7732	1712	24-28S-27E;	COM AT THE W 1/4 COR OF SEC, M & B;
TR	FLORIDAYS ORLANDO VENTURES II, LLC.	ORANGE	FL	10/6/08	9770	2908	23-24S-28E;	PARCEL 803B UTILITY EASEMENT - COM AT THE NE COR OF THE NW 1/4 OF SEC, M & B;
TR	VITRU FLORIDA, INC.	ORANGE	FL	10/6/08	9770	2903	23-24S-28E;	A PORTION OF LOTS 24 & 41, MUNGER LAND COMPANY SUBD, PLAT E/22, COM AT A 2" IRON PIPE MARKING THE N 1/4 COR OF SEC, M & B;
TR	WHITE, LARRY EUGENE; GERALDINE POWELL; GERALDINE M. WHITE	ORANGE	FL	10/7/08	9770	5445	23-22S-27E;	N 10' OF LOT 1, MOORES SUBD, PLAT R/138
TR	PINELLAS COUNTY, WATER BLENDING PLANT	PINELLAS	FL	10/8/08	16397	807	02-27S-16E;	NE 1/4 OF SEC
TR	CLERMONT LAND DEVELOPMENT, LLC.	LAKE	FL	10/10/08	3688	1453	29-22S-26E;	A PROTION OF LOT 1 OAK HILL COMMONS UNIT II, PLAT 62/90, BEG AT THE NW COR OF LOT 1, M & B;
TR	CLERMONT LAND DEVELOPMENT, LLC.	LAKE	FL	10/10/08	3688	1458	29-22S-26E;	BEG AT THE SWLY COR OF LOT 1, OAK HILL COMMONS, UNIT 1, PLAT 62/87, M & B;
TR	ADDISON, DESSIE	POLK	FL	10/15/08	7739	203	06-26S-28E;	SE 1/4 OF THE SW 1/4 OF SEC
TR	GILLETTE, MARGUERITE	POLK	FL	10/15/08	7739	196	25-27S-27E;	PART OF THE NE 1/4 OF SE 1/4 O FSW 1/4 OF SEC
TR	GREENVIEW RIDGE, LLC.	POLK	FL	10/15/08	7739	231	13-28S-27E;	E 1/4 OF THE NW 1/4 OF THE SW 1/4 OF SEC
TR	HARDY, JAMES M.	POLK	FL	10/15/08	7739	189	30-27S-28E;	PART OF THE NW 1/4 OF THE NW 1/4 OF THE NW 1/4 OF SEC
TR	JETER, RICHARD W. AND CARLA C. JETER	POLK	FL	10/15/08	7739	217	25-27S-27E;	PART OF THE NE 1/4 OF THE SE 1/4 OF THE NE 1/4 OF SEC
TR	JONES, JERRY L. AND MARGIE F. JONES	POLK	FL	10/15/08	7739	210	25-27S-27E;	PART OF THE NE 1/4 OF THE SE 1/4 OF THE NE 1/4 OF SEC
TR	LOPEZ, SR., SALVADOR	POLK	FL	10/15/08	7739	255	36-27S-27E;	NW 1/4 OF THE NE 1/4 OF SEC
TR	SYKES, MARGUARITE W. AKA MARGARET SYKES	POLK	FL	10/15/08	7739	224	25-27S-27E;	PART OF THE E 1/4 OF THE NE 1/4 OF THE SW 1/4 OF SEC
TR	HAUPTMANN-THOMPSON COMPANY, INC.	HIGHLANDS	FL	10/20/08	2163	409	03-33S-28E;10-33S-28E;	THE ELY 15' OF THE ATLANTIC COASTLINE RAILROAD LYING IN SEC 3 AND10
TR	MIRIANTHI INVESTMENT GROUP, LLC.	OSCEOLA	FL	10/27/08	3757	321	36-25S-27E;	POMERANCE PARK UNIT ONE, LOTS 10 AND 11, PLAT 2/54

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TR	AVATAR PROPERTIES, INC.	POLK	FL	10/28/08	7747	1596	19-27S-28E;	W 1/2 OF W 1/2 OF SEC LYING NW OF CYPRESS PKWY
TR	GERARD, III, ALICK S. AND DONNA M. GERARD	POLK	FL	10/28/08	7747	1606	35-28S-27E;	NW 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	LOUGHMAN COMMUNITY CLUB, INC (THE)	POLK	FL	10/28/08	7747	1602	06-26S-28E;	PART OF NE 1/4 OF THE NW 1/4 OF THE SW 1/4 OF SEC, M & B;
TR	HUNTER'S TRACE INVESTMENTS, INC.	LAKE	FL	10/30/08	3695	912	30-22S-26E;	PORTION OF THE N E1/4; BEG AT THE INTERSCTION OF THE S ROW LINE OF HOOKS ST AND THE ELY ROW LINE OF US HWY 27, M & B;
TR	LANDMARK BAPTIST CHURCH, INC.	POLK	FL	11/7/08	7755	251	13-27S-27E;	SE 1/4 OF THE SE 1/4 OF SEC;
TR	RUBUSH GROVES, INC.	POLK	FL	11/7/08	7755	236	24-28S-27E;	SE 1/4 OF THE NE 1/4 OF SEC
TR	TISH, JANET L.; SCARBOROUGH, JANIE LOUISE	POLK	FL	11/7/08	7755	243	25-27S-27E;	PART OF THE SE 1/4 OF THE SE 1/4 OF THE SW 1/4 OF SEC
TR	TOLLEFSON DEVELOPMENT OF FLORIDA, INC.	POLK	FL	11/7/08	7755	258	35-28S-27E;	NE 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC, COM AT THE N 1/4 COR OF SEC
TR	CLERMONT GC, LLC.	LAKE	FL	11/17/08	3701	1514	29-22S-26E;	PORTION OF THE NW 1/4, , BEG AT THE NW COR LOF LOT 1, OAK HILL COMMONS UNIT II, PLAT 62/90, THEN M & B;
TR	TOYOTA TSUSHO AMERICA, INC.	ORANGE	FL	11/17/08	9790	6078	23-22S-27E; 24-22S-27E	NW 1/4 OF SW 1/4 OF SEC, A PORTION OF BLK R, OVERSTREET CRATE COMPANY'S SUBD, PLAT F/9, COM AT THE W 1/4 COR OF SEC AND THEN M & B;
TR	PEIRCE, MICHAEL D. AND CONSTANCE L. PIERCE	POLK	FL	11/18/08	7761	1350	13-28S-27E;	PART OF THE SE 1/4 OF THE NW 1/4 OF THE NE 1/4 OF SEC
TR	BRADBURY, ERNEST K. AND MARGARET A. BRADBURY	POLK	FL	11/26/08	7766	1731	36-27S-27E;	W 3/4 OF THE NW 1/4 OF THE SE 1/4
TR	BRADBURY, ERNEST KENNETH	POLK	FL	11/26/08	7766	1724	36-27S-27E;	W 3/4 OF THE NW 1/4 OF THE SE 1/4 AND THE W 1/2 OF THE SW 1/4 OF THE SE 1/4
TR	JACKSON, JR., CARL R.	POLK	FL	11/26/08	7766	1751	35-28S-27E;	S 1/2 OF THE SW 1/4 OF THE NE 1/4 OF SEC
TR	JACKSON, JR., CARL R.	POLK	FL	11/26/08	7766	1765	35-28S-27E;	SE 1/4 OF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	JACKSON, JR., CARL R.	POLK	FL	11/26/08	7766	1772	35-28S-27E;	SW 1/4 OPF THE SE 1/4 OF THE NW 1/4 OF SEC
TR	MADORI PARTNERS, LTD.	POLK	FL	11/26/08	7766	1739	06-26S-28E;	LOT 1, POMERANCE PARK, UNIT2, PLAT 2/55
TR	SR 544, LLC.	POLK	FL	11/26/08	7766	1717	01-28S-27E;	SW 1/4 OF THE SE 1/4 OF SEC
TR	SR 544, LTD.	POLK	FL	11/26/08	7766	1708	12-28S-27E;	NE 1/4 OF THE NE 1/4 OF SEC
TR	SUNTRUST INVESTMENT PROPERTIES, LLC.	POLK	FL	11/26/08	7766	1758	35-28S-27E;	SE 1/4 OF THE NE 1/4 OF SEC
TR	TOLLEFSON DEVELOPMENT OF FLORIDA, INC.	POLK	FL	11/26/08	7766	1701	35-28S-27E;	N 1/2 OF THE SW 1/4 OF THE NE 1/4 OF SEC
TR	VALENCIA COMMUNITY COLLEGE, DISTRICT BOARD OF TRUSTEES OF	ORANGE	FL	12/2/08	9796	8575	19-22S-31E; 30-22S-31E;	SEE EXHIBIT A
TR	STANDARD SAND & SILICA COMPANY	POLK	FL	12/11/08	7776	563	24-26S-27E;	SE 1/4 OF THE SE 1/4 OF SEC

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TR	TRAILSIDE INDUSTRIAL, INC.	LAKE	FL	12/15/08	3710	1228	20-22S-25E;	S 100' OF THE SW 1/4 OF THE NW 1/4 OF NW 1/4
TR	CHARLEY, DESMOND AND AMY K. CHARLEY	CITRUS	FL	12/17/08	2258	805	35-18S-19E;	INVERNESS HIGHLANDS UNIT 8, LOT 8, BLK 14, PLAT 2/166,
TR	GIL, FRANCISCO J. AND DIANNA E. GIL	ORANGE	FL	12/17/08	9803	6965	23-22S-27E;	MC BRITT SUBD, LOTS 7, 8 AND9, PLAT K/145
TR	MROZ, RICHARD T. AND PATRICIA M. MROZ	CITRUS	FL	12/17/08	2258	803	35-18S-19E;	INVERNESS HIGHLANDS UNIT 8, LOT 9, BLK 14, PLAT 2/166
D	PAVLIK, ROGER L. AND AARE S. PAVIL	CITRUS	FL	12/17/08	2258	774	29-17S-17E;	THE N 1/2 OF SW 1/4 OF SEC 29
TR	AVATAR PROPERTIES, INC.	OSCEOLA	FL	12/19/08	3777	1655	25-26S-28E;	GREENWAY 1, PLAT OF POINCIANA ESTATES, SECTION C, PLAT 3/216,; 50' EASEMENT - COM AT THE SW COR OF THE NE 1/ OF SEC, THEN M & B; 30' EASEMENT - PARCEL 1 & 2 - COM AT THE SW COR OF THE NE 1/4 OF SEC, THEN M & B; 30' EASEMENT - PARCEL 3 - PART OF LOT 11, BLK 3417, POINCINA ESTATES, SECION C, PLAT 3/216, COM AT THE SW COR OF THE NE 1/4 OF SEC
TR	PENINSULAR DEVELOPMENT CORPORATION	OSCEOLA	FL	12/19/08	3777	1664	31-25S-28E;	PART OF SW 1/4 OF SW 1/4 OF SEC
TR	AMERICAN EQUITIES LTD. NO 7	POLK	FL	12/22/08	7782	1431	07-26S-28E;	NE 1/4 OF THE SW 1/4 AND PART OF SE 1/4 OF SW 1/4 OF SEC 7
TR	EK ORLANDO PORTFOLIO, L.P.	ORANGE	FL	12/22/08	9805	3529	13-22S-28E;	NW 1/4 OF NE 1/4
D	KALOGRIDIS, MITCHELL	POLK	FL	12/22/08	7782	1399	25-27S-27E	E 20' OF N 25' OF NE 1/4 OF SE 1/4 AND S 26' OF E 20' OF NE 1/4 OF NE 1/4 OF SEC
TR	KJELDGARD, STEPHEN AND LESLIE CRAGG AKA LESLIE KJELDGARD	POLK	FL	12/22/08	7782	1438	25-27S-27E;	LOT 58, HALA HEIGHTS SUBD, PLAT 58/46
TR	SMITH, DAVID AND JOYCE L. SMITH AKA JOYCE JEFFERSON SMITH	POLK	FL	12/22/08	7782	242	06-26S-28E;	TRIPOLI SUBD, PART OF LOT 1, BLK F, PLAT4/59, COM AT THE W 1/4 COR SEC, THEN M & B;
TR	SMITH, DAVID AND JOYCE L. SMITH AKA JOYCE JEFFERSON SMITH	POLK	FL	12/22/08	7782	246	06-26S-28E;	TRIPOLI SUBD, PART OF LOT 1, BLK F, PLAT 4/59, COM AT THE W 1/4 COR OF SEC, THEN M & B;
TR	SR 544, LLC.	POLK	FL	12/22/08	7782	1407	01-28S-27E;	NE 1/4 OF THE SE 1/4 AND THE N 1/2 OF THE SE 1/4 OF THE SE 1/4 OF SEC
TR	SR 544, LLC.	POLK	FL	12/22/08	7782	1417	01-28S-27E;	S 1/2 OF THE SE 1/4 OF THE SE 1/4 OF SEC
TR	SR 544, LLC.	POLK	FL	12/22/08	7782	1400	01-28S-27E;	NW 1/4 OF THE SE 1/4 OF SEC
TR	THAYER, JR., THOMAS A.	POLK	FL	12/22/08	7782	1395	35-28S-27E;	COM AT THE NW COR OF SEC
TR	VICKERS, ROGER	POLK	FL	12/22/08	7782	1424	06-26S-28E;	S 100' OF THE N 300' OF THE SE 1/4 OF SW 1/4 LYING W OF US 92 IN SEC
D	VARNEY, RUSSELL E. AND CYNTHIA M. VARNEY; VARNEY FAMILY TURST UTD 3-11-05;	CITRUS	FL	12/24/08	2259	1866	29-17S-17E;	THE SW 1/4 OF THE SW 1/4 OF SEC
TR	WATKINS, JAMES A.	POLK	FL	12/30/08	7786	864	06-28S-23E;	LOT 2, WEBSTER AND OMOHUNDRO SUBD, PLAT 3/81
TR	TAMPA ELECTRIC COMPANY (TECO)	PASCO	FL	1/5/09	7993	925	27-24S-21E;	S 400' OF THE E 208' OF THE NE 1/4 OF THE NW 1/4 OF THE NE 1/4
TR	GRANT, JEFFREY T; MARIE GRANT MACKEY	POLK	FL	1/8/09	7792	2222	06-26S-28E;	PART OF THE W 1/4 OF THE SE 1/4 OF THE SW 1/4 OF SEC

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TR	MFF FLORIDA PROPERTIES, LLC.	POLK	FL	1/8/09	7792	2230	12-28S-27E;	S 1/2 OF NE 1/4 AND N 1/2 OF THE SE 1/4 OF SEC
TR	MFF FLORIDA PROPERTIES, LLC.	POLK	FL	1/8/09	7792	2237	12-28S-27E;	PART OF NW 1/4 OF THE NE 1/4 OF SEC
TR	SIMON, ROSA LEE	POLK	FL	1/8/09	7792	2215	06-26S-28E;	PART OF NW 1/4 OF SE 1/4 OF SW 1/4 OF SEC
TR	STANDARD SAND AND SILICA COMPANY	POLK	FL	1/8/09	7792	2244	25-26S-27E;	E 1/4 OF SEC
TR	STANDARD SAND AND SILICA COMPANY	POLK	FL	1/8/09	7792	2251	36-26S-27E;	PART OF THE E 1/4 OF SEC
TR	WELLS FLORDIA LAND CORPORATION	POLK	FL	1/8/09	7792	2201	01-27S-27E;	FLORIDA DEVELOPMENT COMPANY SUBD, LOTS 9, 24 AND 25, PLAT 3/60
TR	WELLS FLORIDA LAND CORPORATION	POLK	FL	1/8/09	7792	2208	01-27S-27E;	FLORIDA DEVELOPMENT COMPANY SUBD, LOT 8, PLAT 3/60
D	BAILEY, EVELYN BERTINE; MURRAY EUGENE BERTINE	CITRUS	FL	1/13/09	2262	787	29-17S-17E;	PARCEL 1 - LOT 6, BLK 20, CRYSTAL MANOR, UNIT NO. 1, PLAT 8/82, COM AT THE SW COR OF SEC; PARCEL 2 - SE 1/4 OF THE SW 1/4 AND THE W 15 ACRES FO THE SW 1/4 OF THE SE 1/4 OF SEC, BEG AT THE S 1/4 COR OF SEC
D	IT2 REALTY HOLDINGS, LLC.	ORANGE	FL	1/13/09	9814	2370	34-24S-28E;	COM AT THE NE COR OF THE NW 1/4 OF SEC
TR	ESTRADA, ALEJANDRO AND BELEN I. ESTRADED	POLK	FL	1/26/09	7802	2204	25-27S-27E;	PART OF SE 1/4 OF NE 1/4 OF THE NE 1/4 OF SEC
TR	WALKER, ROBERT C. AND KAREN J. WALKER	POLK	FL	1/26/09	7802	2197	36-27S-27E;	PART OF NW 1/4 OF THE SE 1/4 OF SEC
TR	PEACE RIVER ELECTRIC COOPERATIVE, INC.	HARDEE	FL	1/29/09	200925000683 INSTRUMENT NUMBER		28-33S-27E;	PORTION OF SW 1/4 OF SW 1/4 OF SE 1/4
TR	CREDICO, LEONARD H.	PASCO	FL	2/2/09	8011	471	26-24S-17E	HIGHLANDS VII SUBD, TRACT 992, COM AT THE SW COR OF SEC;
TR	JONES, ERIC AND GLADYS JONES	POLK	FL	2/4/09	7809	182	06-26S-28E;	BEING PART OF THE SE 1/4 OF THE SW 1/4 OF THE SW 1/4 OF SEC
TR	RIDGE LIVE STEAMERS, INC.	POLK	FL	2/4/09	7809	191	35-28S-27E;	BEG AT THE NE COR OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	FUENTES, RAFAEL PASTOR AND MARTA FUENTES	POLK	FL	2/24/09	7823	431	13-27S-27E;	PART OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	PAZ, JOSE AND VIVIAN PAZ	POLK	FL	2/24/09	7823	435	13-27S-27E;	PART OF THE NE 1/4 OF THE NE 1/4 OF SEC
TR	SMITH, JOHN J. AND BRENDA L. SMITH	OSCEOLA	FL	2/27/09	3804	1153	36-25S-27E;	POMERANCE PARK, LOT 9, SE 1/4 OF THE SE 1/4 OF THE SE 1/4 OF SEC
D	CARTER, DARYL M., TRUSTEE OF CARTER-SUMTER 2444 HIGHWAY 468 LAND TRUST	SUMTER	FL	3/6/09	2044	465	01-20S-23E	COM AT THE NE COR OF SEC THEN M & B;
TR	CARTER, DARYL M.;CARTER-SUMTER 2444 HIGHWAY 468 LAND TRUST	SUMTER	FL	3/6/09	2044	469	01-20S-23E; 02-20S-23E; 35-19S-23E	COM AT THE NW COR OF SEC 35 THEN M * B;
TR	APOLLO BEACH INVESTMENTS, L.P.	CITRUS	FL	3/9/09	2272	1644	30-17S-19E	M & B; COM AT A 4" X 4" CONCRETE MONUMENT AT THE SW COR OF SEC
D	LSS INVESTMENTS, LLC.	CITRUS	FL	3/10/09	2273	1793	30-18S-18E	PARCEL 1 - THE NE 1/4 OF THE SE 1/4 OF THE SE 1/4 AND THE SE 1/4 OF THE NE 1/4 OF THE SE 1/4; PARCEL 2 -

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TR	ALTAMONTE CENTRAL, LLC.	SEMINOLE	FL	3/11/09	7149	358	11-21S-29E;	A PORTION OF BLKS B, C AND F, TRACT 70 OF A REPLAT OF TRACTS 50, 85 AND 70, DANLANDO SPRINGS, PLAT 7/23, COM AT THE SW COR OF SEC 11
D	KEATING, JOHN KINGMAN; BERT E. ROPER & BARARA C. ROPER FAMILY LIMITED PARTNERSHIP; TONY H. ROPER; ELIZABETH TROTTER ROPER DECLARATION OF TRUST;	LAKE	FL	3/13/09	3743	1495	27-22S-26E	THE S 610' OF THE SW 1/4 OF THE SW 1/4 OF SEC, COM AT THE SW COR OF SEC, THEN M & B
D	CHALLA, HANIMI R.; JAMUNA R. CHALLA	CITRUS	FL	3/19/09	2275	1813	31-17S-19E;	PARCEL 41000 - NE 1/4 OF THE NW 1/4, COM AT THE NW COR OF THE NW 1/4 OF SEC THEN M & B; PARCEL 41300 - COM AT THE NW COR OF THE NW 1/4 OF SEC THEN M & B;
TR	BANKSVILLE OF FLORIDA, INC.	ORANGE	FL	3/20/09	9846	2895	19-22S-32E;	NE 1/4 OF SEC
TR	SOUTH FLORIDA WATER MANAGEMENT DISTRICT (SFWMD)	POLK	FL	3/24/09	7844	160	30-27S-28E;	PART OF THE NW 1/4 OF THE NW 1/4 OF SEC
TR	SOUTH FLORIDA WATER MANAGEMENT DISTRICT (SFWMD)	POLK	FL	3/24/09	7844	139	06-27S-28E;	W 1/2 OF SEC
TR	SOUTH FLORIDA WATER MANAGEMENT DISTRICT (SFWMD)	POLK	FL	3/24/09	7844	153	18-27S-28E;	NW 1/4 OF THE SW 1/4 AND THE W 1/2 OF THE NW 1/4 OF SEC
TR	SOUTH FLORIDA WATER MANAGEMENT DISTRICT (SFWMD)	POLK	FL	3/24/09	7844	146	07-27S-28E;	SW 1/4 OF THE SW 1/4 AND THE S 1/2 OF THE NW 1/4 OF THE SW 1/4 OF SEC
TR	STUDDARD, PEGGY; PENNY SATTLER	LAFAYETTE	FL	3/30/09	200934000608 INSTRUMENT NUMBER		19-04S-11E;	PART OF SW 1/4 OF SEC
TR	CONNACHER, JOHN A. AND ROSEMARY CONNACHER	ORANGE	FL	4/6/09	9853	73242	22-22S-31E;	W 1/4 OF THE SW 1/4 OF SEC
TR	LOPEZ, ROBERT T. AS TRUSTEE	ORANGE	FL	4/6/09	9853	7321	17-22S-32E; 18-22S-32E;	SE 1/4 OF SEC 18 AND 17
TR	NEW IDEAS, INC.	ORANGE	FL	4/6/09	9853	7316	17-22S-32E;	SW 1/4 OF SEC
TR	OLSEN, O.E. AS TRUSTEE	ORANGE	FL	4/6/09	9853	7258	22-22S-31E;	NW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC AND SW 1/4 OF THE NW 1/4 OF THE NW 1/4 OF SEC
TR	RAILING, JR., LUTHER KEITH AND AMBER LEA RAILING	ORANGE	FL	4/6/09	9853	7246	22-22S-31E;	N 124.42' OF S 248.84' OF W 1/4 OF SW 1/4 OF SW 1/4 OF SEC
TR	SILLS, CLARENCE B. AND CLARA I. SILLS	ORANGE	FL	4/6/09	9853	7254	22-22S-31E;	S 1/2 OF NW 1/4 OF NW 1/4 OF NW 1/4 OF SEC
TR	WHITE, WANDA	ORANGE	FL	4/6/09	9853	7250	22-22S-31E;	S 124.42' OF W 1/4 OF SW 1/4 OF SW 1/4 OF SEC
TR	FISHER, WILLIAM A. AND PHYLLIS A. FISHER	POLK	FL	4/8/09	7856	701	06-28S-23E;	TRACT 1 AND 2, WEBSTER AND OMOHUNDRO ESTATE LANDS, PLAT 3/81
TR	GARRISON, WILLIAM E.	POLK	FL	4/8/09	7856	1502	24-27S-27E;	BEG AT THE SE COR OF SEC
TR	US92-49 LAND TRUST; W.T. PAUL LIAU;	POLK	FL	4/8/09	7856	1492	06-26S-28E;	BEG AT THE INTERSECTION OF THE N LINE JOF THE SE 1/4 OF THE SW 1/4 OF SEC

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TR	WORRELL, WILLIAM A.; RICHARD A. BRUNO	POLK	FL	4/8/09	7856	1482	06-26S-28E;	NW COR OR SEC 6
TR	CRAWFORD, KEVIN L. AND CONNIE S. CRAWFORD	ORANGE	FL	4/9/09	9855	7198	22-22S-31E;	W 1/4 OF THE SW 1/4 OF TEH NW 1/4
TR	HUGHES, JAMES C. AND JOYCE C. HUGHES	ORANGE	FL	4/9/09	9855	7206	22-22S-31E;	W 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	ROUNDS, TIMOTHY M. AND DIANNE S. ROUNDS	ORANGE	FL	4/9/09	9855	7194	22-22S-31E;	W 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	STONE, RICHARD L. AND DIANE C. STONE	ORANGE	FL	4/9/09	9855	7202	22-22S-31E;	W 1/4 OF THE NW 1/4 OF SEC
TR	CALVARY TABERNACLE CHURCH	LEON	FL	4/14/09	3971	1337	36-01N-02W;	SE 1/4 OF THE SE 1/4 OF SEC
TR	PINELLAS PARK, CITY OF	PINELLAS	FL	4/14/09	16554	1635	29-30S-16E;	LOT 2, BLK 46, THAT PORTION OF VACATED 80TH AVE ROW, LYING E OF 62ND ST, FURTHER DESCRIBED IN EXHIBIT A
TR	PENTZ III, FRANZ HARRY	ORANGE	FL	4/20/09	9860	537	22-22S-31E;	N 124.42' OF S 373.26' OF W 1/4 OF SW 1/4 OF SW 1/4 OF SEC
TR	GARRETT, JR., DAVID AND SHARON B. GARRETT	POLK	FL	4/27/09	7869	1069	13-27S-27E;	COM AT THE SE COR OF SEC
TR	SMEDLEY, TERRY SCOTT	POLK	FL	4/27/09	7869	1073	12-27S-27E;	E 1/2 OF SE 1/4 OF SE 1/4
TR	SMITH, CEDRICK MILTON	ALACHUA	FL	5/12/09	3877	1032	33-11S-19E;	COM AT THE S 1/4 COR OF SEC
TR	BRANNEN, DONALD F.	POLK	FL	5/13/09	7883	670	12-27S-27E;	NE 1/4 OF NE 1/4 OF SE 1/4
TR	HERNANDEZ, EXIQUIO AND DAISY HERNANDEZ	POLK	FL	5/13/09	7883	666	13-27S-27E;	COM AT THE NE COR OF SEC, E 1/2 OF SE 1/4 OF NE 1/4 OF NE 1/4 OF NE 1/4
TR	GLASS, CAHRLES E.; J. D. BURNETT	POLK	FL	5/20/09	7888	494	36-27S-27E;	N 1/4 OF SW 1/4 OF NE 1/4 AND N 1/2 OF SE 1/4 OF NW 1/4 AND N 1/2 OF SE 1/4 OF NE 1/4
TR	HOWARD, JEWEL AND JO ANN HOWARD	POLK	FL	5/20/09	7888	487	06-26S-28E;	PART OF THE SE 1/4 OF THE SW 1/4 OF SEC, COM AT NW OCR OF SE 1/4 OF SW 1/4
TR	BARNES, ORRIN L.	ORANGE	FL	5/21/09	9875	5070	32-21S-28E	E 1/2 OF W 1/2 OF NE 1/4 OF NW 1/4
TR	POLK COUNTY	POLK	FL	5/29/09	7894	2245	06-27S-28E;	NE 1/4 OF NE 1/4 AND W 3/4
TR	LN WATERTANK GROVE, LLC.	POLK	FL	6/8/09	7901	485	24-28S-27E;	THEE 3/4 OF THE E 1/2 OF THE NW 1/4 OF THE NE 1/4
D	CENTRAL FLORIDA COOPERATIVE, INC.	LEVY	FL	6/16/09	1165	438	30-11S-15E	BEG AT THE NE COR OF THE NE 1/4 OF THE SW 1/4 OF SEC (CHIEFLAND SUBSTATION)
TR	PATEL, PREMASARAN A.; BHARTI P. PATEL; TEENA P. PATEL	ORANGE	FL	6/17/09	9886	8379	22-22S-31E;	NE 1/4 OF THE NE 1/4 OF SEC
TR	BCF, LLC.	POLK	FL	6/23/09	7913	385	01-27S-27E;	SE 1/4 LESS SUBD AND NE 1/4 OF SW 1/4
TR	HWANG, CHARLES	OSCEOLA	FL	6/23/09	3851	2656	31-25S-28E;	POMERANCE PARK, LOT 9, PART OF THE E 1/2 OF THE SW 1/4 OF SEC
TR	LAKE MARION DEVELOPMENT GROUP, LLC.	POLK	FL	6/23/09	7913	398	25-27S-27E; 36-27S-27E;	MOST OF SEC 36 AND A PORTION OF SEC25

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TR	LAKE MARION DEVELOPMENT GROUP, LLC.	POLK	FL	6/23/09	7913	391	01-28S-27E;	E 1/2 OF NE 1/4 AND N 1/2 OF NW 1/4 OF 1/4 AND NE 1/4 OF NE 1/4 OF NW 1/4 AND S 1/2 OF NW 1/4 OF NE 1/4 AND SW 1/4 OF NE 1/4 AND SE 1/4 OF NE 1/4 OF NW 1/4 AND SE 1/4 OF NW 1/4
D	LIAU, W. T. PAUL; LIAU LIN, MEI HUEY	POLK	FL	6/25/2009	7914	1791	19-26S-27E	Tracts 7 and 8, Holly Hill Grove & Fruit Company, lying in the Northeast ¼ of Section 19, Township 26 South, Range 27 East, according to the map or plat thereof recorded in Plat Book 17, Page 36, of the Public Records of Polk County, Florida, less and except that portion of said Tract 8 lying within the right of way of U.S. Highway 27. (NORTHRIDGE SUBSTATION)
TR	ALAMA, ROGELIO N. AND NYMPHA S. ALAMA	POLK	FL	7/7/09	7922	1534	24-27S-27E;	S 315.29' OF N 645.54' OF E 1/2 OF NE 1/4 OF SE 1/4
TR	PAULSON, JAMES R.; SUSAN M. STOCK	ORANGE	FL	7/7/09	9896	534	02-21S-28E;	THE E 100' FO THE N 180' OF THE W 330' OF LOT 6, STEWART'S HOMESTEAD, PLAT 3/398
D	RIDGECREST GROVES, INC.	POLK	FL	7/7/2009	7923	353	19-26S-27E	Tract 6 in the NE ¼ of Section 19, Township 26 South, Range 27 East, HOLLY HILL GROVE & FRUIT COMPANY, according to the map or plat thereof as recorded in Plat Book 17, Page 36, Public Records of Polk County, Florida. (NORTHRIDGE SUBSTATION)
TR	ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY	ORANGE	FL	7/8/09	9896	7776	32-23S-27E;	50' WIDE STRIP OF LAND ADJ TO AND CONTIGUOUS WITH THE E ROW LINE OF AVALON RD (A 60' ROW) BEING A PORTION OF THE SW 1/4 OF SEC, BEG AT THE NW COR OF PARCEL 209 (REMIANDER EAST)
D	ORLANDO-ORANGE COUNTY EXPRESSWAY AUTHORITY	ORANGE	FL	7/8/09	9896	7762	05-24S-27E; 32-23S-27E;	CONTINGUOUS WITH THE E ROW LINE OF CR 545 (AVALON RD) (AVALON-GIFFORD 230KV LINE)
TR	GOODMAN GROVE PARTNERSHIP	POLK	FL	7/15/09	7930	1113	13-28S-27E;	PART OF NE1/4 OF SE 1/4 AND E 1/2 OF NW 1/4 OF SE 1/4 LYING N OR R/W OF WATERTANK RD
TR	STORAWAY SELF STORAGE OF ORLANDO, LLC.	ORANGE	FL	7/17/09	9903	7202	22-22S-31E;	SE 1/4 OF THE NE 1/4 OF SEC
TR	CHIUCCARIELLO, MARIO TRUSTEE; GMC BROADWAY REALTY TRUST UNDER DECLARATION OF TRUST DATED FEBRUARY 13, 1995	POLK	FL	7/27/09	7939	169	06-26S-28E;	FROM THE NW COR OF SEC, THEN M & B:
TR	HOLMES GARDENS ASSOCIATES, LTD.	POLK	FL	7/27/09	7939	182	24-28S-27E;	SW 1/4 OF NE 1/4
TR	POLYAK DEVELOPMENT, INC.	POLK	FL	7/27/09	7939	192	07-26S-28E;	SE 1/4 OF THE NW 1/4 OF SEC
TR	TOLLEFSON DEVELOPMENT OF FLORIDA, INC.	ORANGE	FL	7/27/09	9908	4536	32-21S-28E	NW 1/4 OF SEC
TR	AVATAR PROPERTIES, INC.	POLK	FL	7/28/09	7939	1558	19-27S-28E;	NW 1/4
D	HAYES, DONNA M.	SUWANNEE	FL	8/4/09	1544	93	25-01S-11E;	LOT 3, BLK 5, IDLE EASE, PLAT 1/52 (SUWANNEE PLANT)
TR	UNDERWOOD, TOY C. AND TORI A. UNDERWOOD	MARION	FL	8/5/09	5235	1674	35-15S-22E;	E 100' OF THE N 1/2 OF S W1/4 OF SW 1/4 OF NW 1/4
TR	WHITE SPRINGS AGRICULTURAL CHEMICALS, INC.	HAMILTON	FL	8/10/09	682	427	21-01N-14E; 22-01N-14E;	SE 1/4 OF SEC 22 AND NE 1/4 OF SEC 27
D	HARDEN SR., COLIN	SUWANNEE	FL	8/17/09	1546	290	25-01S-11E;	LOT 5, BLK 9, IDLE EASE, PLAT 1/52 (SUWANNEE PLANT)

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D	FLORIDA GAS TRANSMISSION COMPANY, LLC.	TAYLOR	FL	8/24/09	642	506	02-04S-07E	COM AT THE INTERSECTION OF THE E ROW OF CR 359 AND THE S BOUNDARY OF THE NW 1/4 OF THE SW 1/4 OF SEC AND THEN M & B; (FGT PERRY SUBSTATION)
TR	COOPER, LONNIE M. AKA ALONZO M. COOPER AND DOROTHY M COOPER AKA DOROTHY P. COOPER	FRANKLIN	FL	8/25/09	995	731	01-09S-08W;	GREATER APALACHICOLA, LOTS 1 THRU 5, BLK 254
TR	MIRABELLA, EUNICE T. AS TRUSTEE OF THE EUNICE T. BELLA REVOCABLE TRUST DATED 1-14-2000	FRANKLIN	FL	8/25/09	995	735	01-09S-08W;	GREATER APLACHICOLA , LOTS 1 THRU 3, BLK 253
TR	GRINER, MITCHEL AND KIMBERLY D. GRINER	FRANKLIN	FL	8/27/09	996	179	01-09S-08W;	GREATER APALACHICOLA, LOT 27 THRU 30, BLK 253, OR 602/403
TR	PETERSON, JOHN R. AND JOAN S. PETERSON	TAYLOR	FL	8/27/09	642	686	11-04S-07E;	NE 1/4 OF THE SE 1/4 OF SEC, COM AT THE NE COR OF THE SE 1/4 OF SEC THEN M & B;
TR	WHITFIELD, H. HOWARD; MAXINE C. WHITFIELD	TAYLOR	FL	8/27/09	642	694	11-04S-07E;	THE NE 1/4 OF THE NE 1/4 OF SEC, COM AT THE NW COR OF THE NE 1/4 OF THE NE 1/4 OF SEC THEN M & B:
TR	WHITFIELD, RAY HOWARD; RUTH A. WHITFIELD	TAYLOR	FL	8/27/09	642	690	11-04S-07E;	THE NE 1/4 OF SEC, COM AT THE NE COR OF THE NW 1/4 OF THE NE 1/4 OF SEC THEN M & B;
TR	AVATAR PROPERTIES, INC.	OSCEOLA	FL	8/28/09	3882	1941	25-26S-28E;	COM AT THE SE COR OF THE NW 1/4 OF SEC THEN M & B;
TR	LIGGINS, ANNIE L.; JEFFREY D. LIGGINS	POLK	FL	8/28/09	7961	1945	06-26S-12E; 12-26S-27E;	PART OF LOTS 2, 3 AND 4, BLK C, AND A PORTION OF VACATED BAY ST ABUTTING THEREON OF ROY A. MILLER'S SUBD AT LOUGHMAN, FL., PLAT 32/50, COM A TTHE NW OCR OF SEC 7
D	LEWIS, IRIS J. A/K/A IRIS JACQUELINE LEWIS, TRUSTEE OF THE IRIS JACQUELINE LEWIS REVOCABLE TRUST	ORANGE	FL	9/4/2009	9929	5288	19-22S-32E	A portion of Lot 14, Block A, Seaward Plantation Estates, according to map or plat thereof as recorded in Plat Book T, Page 109, of the Public Records of Orange County, Florida. (BITHLO SUBSTATION EXPANSION)
D	LOYAL ORDER OF MOOSE COUNTY LINE LODGE 2427	ORANGE	FL	9/4/2009	9929	5229	19-22S-32E	A portion of Lots 12 & 13, Block A, Seaward Plantation Estates, according to map or plat thereof as recorded in Plat Book T, Page 109, of the Public Records of Orange County, Florida. (BITHLO SUBSTATION EXPANSION)
D	GCB ASSOCIATES 2009, LLC.	ORANGE	FL	9/15/09	9934	2789	33-24S-28E; 34-24S-28E;	PART OF PARCEL 1, WORLD GATEWAY PHASE 4B, PLAT 71/98 AND PART OF TRACTS D AND E, WORLD GATEWAY PHASE 4A, PLAT 57/86. BEG AT THE SE COR OF PARCEL 1 THEN M & B; (WORLD GATEWAY SUBSTATION)
TR	HARRIS, CHARLES T.	FRANKLIN	FL	9/21/09	997	326	01-09S-08W;	GREATER APALACHICOLA, LOTS 1 THRU 15, BLK 241
TR	LAKRAJ, AMARNAUTH; MOHIMI LAKRAJ	ORANGE	FL	9/21/09	9936	9078	22-22S-31E;	BEG 30' S AND 30' E OF THE NW COR OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	SEIBELS ENTERPRISES, INC.	POLK	FL	9/21/09	7977	51	36-28S-27E;	SW 1/4 OF THE NW 1/4 OF SEC
TR	SHRI SHIV DHAM HINDU TEMPLE; SHRI SHIV DHAM HINDU TEMPLE AND YOGA ASHRAM, INC.	ORANGE	FL	9/21/09	9936	9085	27-22S-31E	THE W 50' OF THE S 1/2 OF THE NW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	SMITH, TAMARA KAY; WILLIAM R. PENFIELD;	POLK	FL	9/21/09	7977	43	12-27S-27E;	E 1/2 OF SE 1/4 OF NE 1/4 OF SE1/4 OF SEC
TR	SOTOLONGO, JIMMY; RAMARA GARRETT	ORANGE	FL	9/21/09	9936	9082	24-22S-31E	E 1/2 OF THE W 1/2 OF THE SW 1/4 OF THE NW 1/4 OF SEC

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TR	FARRELL, DEBORAH; JOHN PIERPONT	PINELLAS	FL	10/6/09	16717	2470	26-30S-16E;	LOTS 13, 14, 15, 20 & 21, BLK C; LOTS 14 - 20, BLK D, LEE BAYNARD JR., UNIT 4, PB 28/81
D	HYTOVICK, ANTHONY J.; TERESA L. HYTOVICK	CITRUS	FL	10/9/09	2316	115	02-17S-18E;	THE E 90' OF THE W 115' OF THE N 20' OF THE SW 1/4 OF THE NE 1/4 AND THE E 90' OF THE W 115' OF THE S 125' OF THE N 145' OF THE SW 1/4 OF THE NE 1/4 AND THE W 25' OF THE N 125' OF THAT PORTION OF THE SW 1/4 OF NE 1/4 OF SEC AND AN EASEMENT FOR INGRESS/ EGRESS, OR 962/147 (HOLDER-DUNNELLON 69KV LINE)
TR	AVATAR PROPERTIES	POLK	FL	10/12/09	7992	180	07-26S-28E;	IRREGULAR PARCEL IN SW 1/4 OF SEC
TR	BYRD GROVES, INC.	POLK	FL	10/12/09	7992	200	13-28S-27E;	E 1/2 OF SW 1/4 OF SE 1/4 OF SEC
TR	MORRIS, SHIRLEY ROSITA	POLK	FL	10/12/09	7992	208	13-28S-27E;	S 1/2 OF N 1/2 OF NE 1/4 OF SE 1/4 OF SEC
TR	WINTER HAVEN CORPORATION, (THE)	POLK	FL	10/12/09	7992	188	17-29S-27E; 20-29S-27E; 30-29S-27E;	N 1/2 OF SE 1/4 OF SEC 30; E 1/2 AND N 1/2 OF NW 1/4 OF SEC 20; ALL OF SEC 17
TR	UNITED STATES OF AMERICA; DEPT OF THE US FISH AND WILDLIFE SERVICE	POLK	FL	10/13/09	7993	711	18-27S-28E	S 1/2 OF S 1/2 LYING W OF CYPRESS PKWY
TR	YONGE, HOWARD M.; JOHN EAYRES DAVIS YONGE;	TAYLOR	FL	10/14/09	644	355	02-04S-07E; 11-04S-07E;	SW 1/4 OF THE SW 1/4 OF SEC THEN M & B;
TR	PINELLAS COUNTY	PINELLAS	FL	10/16/09	16727	1894	08-27S-16E;	100' STRIP OF LAND LYING N OF E AND W 1/2 OF SECTION LINE OF SEC 8
TR	PETTITT, RAYMOND PAUL; BONNIE RUTH PETTITT	TAYLOR	FL	10/20/09	644	632	11-04S-07E;	COM NE COR OF SE 1/4 OF SEC
TR	AIGGRE ORANGE COUNTY HOLDINGS, LLC	ORANGE	FL	10/28/09	9954	5222	29-23S-27E;	50' WIDE STRIP OF LAND ADJ TO THE E ROW LINE OF AVALOND RD AND THE SE ROW OF SR 429, BEING A PORTION OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	POLYAK DEVELOPMENT, INC.	POLK	FL	10/29/09	8004	1654	07-26S-28E;	COM AT THE SE COR OF THE SW 1/4 OF SEC THEN M & B;
TR	SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT	POLK	FL	10/29/09	8004	1661	24-27S-27E;12-27S-27E;	S1/2 OF NE 1/4 OF NE 1/4 & SE 1/4 OF NE 1/4 AND N 1/2 OF NE 1/4 OF NE 1/4 & NW 1/4 OF NE 1/4 & E 1/2 OF NE 1/4 OF MW 1/4 AND FLA DEVELOPMENT CO SUBD PLAT 3/60, TRACTS 1-16 & 19-30 & 30' ABANDONED R/W LYING BETWEEN LOTS 9-14 & LOTS 19-24
TR	ELLIOTT, JAMES L.; DEBRA G. ELLIOTT;	FRANKLIN	FL	10/30/09	999	699	01-09S-08W;	GREATER APALACHICOLA, LOTS 25 THRU 30, BLK 254
D	JOHNSON, MAUD	SUWANNEE	FL	11/1/2009	1562	171	25-01S-11E	The East Half of the Northwest Quarter of the Southwest Quarter of Section 25, Township 1 South, Range 11 East, said land lying and being in Suwannee County, Florida. (SUWANNEE PLANT)
D	NORRIS, ROBERT MICHAEL	SUWANNEE	FL	11/1/2009	1562	170	25-01S-11E	The East Half of the Southwest Quarter of the Northwest Quarter of Section 25, Township 1 South, Range 11 East, said land lying and being in Suwannee County, Florida. (SUWANNEE PLANT)
TR	BUTTREY DEVELOPMENT LLC	ORANGE	FL	11/4/09	9957	2889	34-21S-28E;	SE 1/4 OF SEC
TR	KENNEDY, ERMA DEE	TAYLOR	FL	11/4/09	645	401	11-04S-07E	THE NE 1/4 OF SEC, COM AT THE NE COR OF THE NW 1/4 OF THE NE 1/4 OF SEC THEN M & B;
TR	HUSTED, JOHN C.; RICHARD D. ORROCK;	POLK	FL	11/5/09	8010	629	11-29S-27E;	THE N 15' OF THE E 1/2 OF THE NW 1/4 OF THE NE 1/4 OF SEC

Doc Type	Grantor	County	State	Record Date	Deed Book	Deed Page	Section Township Range	Notes
TR	ST. TIMOTHY EVANGELICAL LUTHERAN CHURCH OF TARPON SPRINGS, FLORIDA	PINELLAS	FL	11/5/09	16744	1689	18-27S-16E;	OFFICAL MAP OF THE TOWN OF TARPON SPRINGS, LOT 2, BLK 46, W 100' OF LEMON ST LYING N OF AND ADJ TO LOT 2, BLK 46 OF PB 4/79
TR	FERRER, JORGE D.; DIANA G. FERRER;	ORANGE	FL	11/12/09	9962	2612	27-22S-31E	N 1/2 OF THE NW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	FERRER, JOSE A.	ORANGE	FL	11/12/09	9962	2609	27-22S-31E	N 1/2 OF THE NW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
TR	TEDDER, NORMAN L.; MARY LOUISE TEDDER;	TAYLOR	FL	11/12/09	645	578	11-04S-07E	40 ACRES N 1/2 OF SW 1/4 OF SW 1/4 AND ALL 1/4 OF SW 1/4 OF RR OR 92/418 SUBJ TO ESMT IN OR 332-862
TR	VIEJO, MARGARITA	ORANGE	FL	11/12/09	9962	2615	27-22S-31E	N 1/2 OF THE NW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF SEC
D	CARROLL, GARY J.; JAYNE A. CARROLL	VOLUSIA	FL	12/2/09	6244	4487	16-18S-30E	THE E 1/2 OF THE NE 1/4 OF THE NE 1/4 OF THE NW 1/4 OF SEC, AKA PARCEL B, CARROLL GABLE UNREC SUBD
TR	HOWARD, MAXINE	ORANGE	FL	12/2/09	9969	7887	22-22S-31E;	HOOVER RD SUBD, TRACT 2, W 1/2 OF THE SW 1/4 OF THE SW 1/4 OF SEC
TR	PEREZ, SHIRLEY L.	TAYLOR	FL	12/3/09	646	317	11-04S-07E;	NE 1/4 OF THE S E1/4 OF SEC, OR 622/257, COM AT THE SE COR OF THE SE 1/4 OF SEC THEN M & B;
TR	NEW PEDIATRIC DENTAL CARE OF GREATER ORLANDO, INC. (THE)	ORANGE	FL	12/9/09	9973	6982	28-22S-31E;	HIGHPOINT COMMERCE CENTER, LOT 7, COM AT THE W 1/4 COR OF SEC THEN M & B;
TR	POPPELL, REBECCA R.	TAYLOR	FL	12/13/09	646	313	11-04S-07E;	SE 1/4 OF SEC, COM AT THE SE COR OF THE SE 1/4 OF SEC THEN M & B;
TR	LAKE COUNTY ACREAGE, LLC.	LAKE	FL	12/28/09	3856	469	19-19S-28E;	IN THE SE 1/4 OF THE SW 1/4; WOLFBRANCH MEADOWS, PLAT 62/40, PORTIONS OF TRACTS G & H;
TR	COLSTON, TINESE CARLENA	POLK	FL	1/7/10	8050	906	06-26S-28E;	BEG 171.2'E OF SW COR OF SE¼ OF SW¼ RUN N 256.5'W 153.2'TO E LINE OF HY 17 SWLY TO W LINE OF SE¼ OF SW¼ S 225'TO BEG & LESS E 65'OF W 135'OF S 130'
TR	SCOTT, ARTHUR JAMES; SINITA S. SCOTT	POLK	FL	1/7/10	8050	912	06-26S-28E;	BEG 171.2'E OF SW COR OF SE¼ OF SW¼ RUN N 256.5'W 153.2'TO E LINE OF HY 17 SWLY TO W LINE OF SE¼ OF SW¼ S 225'TO BEG & LESS E 65'OF W 135'OF S 130'
TR	BENT TREE HOLDINGS, LLC.	ORANGE	FL	1/8/10	9985	896	29-22S-31E	SW 1/4 OF SE 1/4
TR	BOWYER-SINGLETON & ASSOCIATES, INC. (LIENHILDER); WSG CORAL SPRINGS LP. (OWNER)	ORANGE	FL	1/8/10	9985	887	22-22S-31E;	E 1/2 OF THE W 1/2 OF THE SW 1/4 OF THE SW 1/4 OF THE NW 1/4 OF THE SW 1/4 OF SEC
TR	LEGACY PLACE PARTNERS, LLC.	ORANGE	FL	1/8/10	9985	900	28-22S-31E;	Legacy Place PB 45/46 part of Lot 2
TR	PCS PHOSPHATE - WHITE SPRINGS; WHITE SPRINGS AGRICULTURAL CHEMICALS, INC	HAMILTON	FL	1/14/10	689	375	17-01S-15E;	SEC 17
TR	PCS PHOSPHATE - WHITE SPRINGS; WHITE SPRINGS AGRICULTURAL CHEMICALS, INC.	HAMILTON	FL	1/14/10	689	369	17-01S-15E; 20-01S-15E; 21-01S-15E;	SEC 17, 20, 21, T01S, R15E
TR	BENT TREE HOLDINGS, LLC.	ORANGE	FL	1/21/10	9990	8988	29-22S-31E	SW 1/4 OF SW 1/4 OF SEC
TR	BENDERSON PROPERTIES, INC.; WR-1 ASSOCIATES, LTD.RONALD BENDERSON 1995 TRUST	ORANGE	FL	1/29/10	9994	6443	04-22S-31E;	E 1/4 OF SE 1/4 OF SW 1/4 OF SEC, BEG AT THE SE COR OF TRACT 10, THE QUADRANGLE, PHASE IIB, PLAT 18/10, THEN M & B;

Doc Type	Grantor	County	State	Record Date	Deed Book	Deed Page	Section Township Range	Notes
TR	WISE OLD OWL, LLC.	ORANGE	FL	2/9/10	9999	5247	28-22S-31E;	HIGHPOINT COMMERCE CENTER, PLAT 48/80, BEG NE COR LOT 1 THEN M & B
TR	MARTIN FEDERAL CREDIT UNION	Orange	FL	2/26/10	10007	296	28-22S-31E	highpoint commerce center 48/80 that portion of lot 1 desc as comm ne cor of lot 1 run s 236.60' s 76 deg w 127.34' s 71 deg w 58.13' to pob cont s 71 deg w 153.04' swly 36.96' n 21 deg w 275.06' n 76 deg e 194.46' s 20 deg e 251.83' to pob
TR	LEGACY PLACE OWNERS ASSOCIATION, INC.	Orange	FL	2/23/10	10004	8034	28-22S-31E	Legacy Place PB 45/46 Tract A, B, D, E
TR	TITAN-LIBERTY LAKE UNDERHILL JOINT VENTURE	Orange	FL	2/23/10	10004	7759	29-22S-31E	comm sw cor of sw1/4 of sec th run e 277.13' th n 74.99' to point on nly r/w of lake underhill rd for pob th run n 263.59' e 151.65' n 169.28' th e 879.09' to point on e line of sw1/4 of sw1/4 th s 447.55' to nly r/w line of lake underhill rd th w 486.95' n87w 350.32' w 192.88' to pob OR 4980/2948 & 5214/2462
TR	CLEAR SPRINGS LAND COMPANY, LLC	POLK	FL	2/4/10	8069	417	36-29s-25e	Partial Release of Easements & Amendment & Restatement of Easements for DB 992 pgs 499, 507 & 513
D	ROSS, HAROLD	LEVY	FL	3/2/10	1191	779	24-16S-16E	E 1/2 of the E 1/2; that portion of th SW 1/4 of the SE 1/4 and the SE 1/4 of the SW 1/4 lying E of the W right-of-way line of the Florida Power Corp. power line in Section 24, Township 16 S, Range 16 E
D	KOZEVSKI, JOSIF	LEVY	FL	3/2/10	1191	776	24-16S-16E	Three Parcels of Land: Lots 6, 7 and 8 of the Ruby Subdivision. Parcel ID # 19242-000-00, 19243-000-00, 19244-000-00.

EXHIBIT (2)-a

EXHIBIT (2)-a

HUNTON& WILLIAMS

HUNTON & WILLIAMS LLP
POST OFFICE BOX 109
RALEIGH, NORTH CAROLINA 27602

TEL 919 • 899 • 3000
FAX 919 • 833 • 6352

March 25, 2010

Banc of America Securities LLC
J.P. Morgan Securities Inc.
Mitsubishi UFJ Securities (USA), Inc.
BNY Mellon Capital Markets, LLC
Citigroup Global Markets Inc.
SunTrust Robinson Humphrey, Inc.
Robert W. Baird & Co. Incorporated
BB&T Capital Markets, a division of Scott & Stringfellow, LLC

c/o Banc of America Securities LLC
One Bryant Park
New York, New York 10036

and

J.P. Morgan Securities Inc.
383 Madison Avenue
New York, New York 10179

and Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, New York 10019

(As Representatives of the Underwriters)

Florida Power Corporation
d/b/a Progress Energy Florida, Inc.
First Mortgage Bonds
$250,000,000 4.55% Series due 2020
and
$350,000,000 5.65% Series due 2040

Dear Ladies and Gentlemen:

We have acted as counsel to Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "Company") in connection with the issuance of $250,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 4.55% Series due 2020 and $350,000,000

aggregate principal amount of the company's First Mortgage Bonds, 5.65% Series due 2040 (collectively, the "Securities"), to be issued under the Company's Indenture dated as of January 1, 1944 (the "Indenture"), between the Company and The Bank of New York Mellon, as successor trustee (the "Trustee") (as supplemented by forty-nine indentures supplemental thereto, including, among others, the Twenty-Ninth Supplemental Indenture dated as of September 1, 1982 (the "Twenty-Ninth Supplemental Indenture"), the Thirty-Ninth Supplemental Indenture dated as of July 1, 2001 (the "Thirty-Ninth Supplemental Indenture"), the Fortieth Supplemental Indenture dated July 1, 2002, the Forty-First Supplemental Indenture dated February 1, 2003, the Forty-Second Supplemental Indenture dated April 1, 2003, the Forty-Third Supplemental Indenture dated November 1, 2003, the Forty-Fourth Supplemental Indenture dated August 1, 2004, the Forty-Fifth Supplemental Indenture dated May 1, 2005, the Forty-Sixth Supplemental Indenture dated September 1, 2007, the Forty-Seventh Supplemental Indenture dated December 1, 2007, the Forty-Eighth Supplemental Indenture dated June 1, 2008 and the Forty-Ninth Supplemental Indenture dated March 1, 2010 (the "Forty-Ninth Supplemental Indenture"). For purposes of this opinion, we refer to the Indenture, the Twenty-Ninth Supplemental Indenture and the Thirty-Ninth Supplemental Indenture through the Forty-Ninth Supplemental Indenture, collectively, as the "Mortgage."

This opinion is furnished to you at the Company's request as required by Section 9(c) of the Underwriting Agreement (the "Underwriting Agreement"), dated as of March 22, 2010, by and among the Company and Banc of America Securities LLC, J.P. Morgan Securities Inc. and Mitsubishi UFJ Securities (USA), Inc., each as an Underwriter and Representative of the Underwriters described in Schedule II of the Underwriting Agreement, pursuant to which the Securities are being sold today. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Underwriting Agreement.

In connection with the foregoing, we have examined the following:

a. The Company's registration statement on Form S-3 (No. 333-155418-01 (together with the documents incorporated by reference, the "Registration Statement") filed under the Securities Act of 1933, as amended (the "Securities Act"), and the Prospectus dated November 18, 2008 (together with the documents incorporated by reference, the "Base Prospectus") as supplemented by the Prospectus Supplement dated March 22, 2010, filed pursuant to Rule 424(b) of the Securities Act (together with the Base Prospectus, the "Prospectus"), pursuant to which the Securities were offered;

b. The Preliminary Prospectus Supplement dated March 22, 2010 (the "Preliminary Prospectus"), filed pursuant to Rule 424(b) of the Securities Act (the Base Prospectus, as supplemented by the Preliminary Prospectus Supplement, the "Preliminary Prospectus"), pursuant to which the Securities were offered;

c. The Permitted Free Writing Prospectus;

d. The Mortgage;

e. The form of the Securities; and

f. The Underwriting Agreement.

For purposes of the opinions expressed below, we have assumed (i) the authenticity of all documents submitted to us as originals, (ii) the conformity to the originals of all documents submitted as certified or photostatic copies and the authenticity of the originals, (iii) the legal capacity of natural persons and (iv) the due authorization, execution and delivery of all documents by all parties and the validity and binding effect thereof (other than the authorization, execution and delivery of documents by the Company and the validity and binding effect thereof upon the Company).

As to factual matters, we have relied upon the representations included in the Underwriting Agreement, upon certificates of officers of the Company and upon certificates of public officials.

We call your attention to the fact that neither the Mortgage nor the form of the Securities contains a provision specifying the law by which it is to be governed. For purposes of the opinions expressed in paragraphs 2 and 4 below, we have assumed that the Mortgage and the Securities will be governed by the laws of the State of Florida.

We do not purport to express an opinion on any laws other than those of the State of Florida and the United States of America. We consent to the reliance on this opinion letter by you, by the other Underwriters, by the Trustee, and, with respect to matters of Florida law, by R. Alexander Glenn, General Counsel of the Company, and by Dewey & LeBoeuf LLP for the sole purpose of rendering their opinion pursuant to Section 9(c) of the Underwriting Agreement.

Except as provided in the preceding sentence, no one but the addressees (both for themselves and as the Representative) is entitled to rely on this opinion without our prior written consent.

Based upon the foregoing and such other information and documents as we have considered necessary for the purposes hereof, we are of the opinion that:

1. The Mortgage has been duly and validly authorized by all necessary corporate action, and the Forty-Ninth Supplemental Indenture has been duly and validly executed and delivered by the Company.

2. The Mortgage constitutes a valid and binding mortgage of the Company enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles and any implied covenant of good faith and fair dealing; provided, however, that certain remedies, waivers and other provisions of the Mortgage may not be enforceable, but such unenforceability will not render the Mortgage invalid as a whole or affect the judicial enforcement of (i) the obligation of the Company to repay the principal, together with the interest thereon as provided in the Securities or (ii) the right of the Trustee to exercise its right to foreclose under the Mortgage.

3. The Mortgage has been duly qualified under the 1939 Act.

4. Assuming authentication of the Securities by the Trustee in accordance with the Mortgage and delivery of the Securities to and payment for the Securities by the Underwriters, as provided in the Underwriting Agreement, the Securities have been duly and validly authorized, executed and delivered and are legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles and any implied covenant of good faith and fair dealing, and are entitled to the benefits of the security afforded by the Mortgage, and, upon recording of the security interests (i) in all recording offices in the State of Florida in which the property intended to be subject to the lien of the Mortgage is located, (ii) with the Office of the Secretary of State of the State of Florida and (iii) with the Surface Transportation Board, will be secured equally and ratably with all other bonds outstanding under the Mortgage except insofar as any sinking or other fund may afford additional security for the bonds of any particular series.

HUNTON& WILLIAMS

5. The statements made in the Base Prospectus under the caption "Description of First Mortgage Bonds" and in the Preliminary Prospectus and the Prospectus under the caption "Description of the Bonds," insofar as they purport to constitute summaries of the documents referred to therein, are correct in all material respects.

6. The statements made in the Preliminary Prospectus and the Prospectus under the caption "Material U.S. Federal Tax Considerations," insofar as they purport to constitute summaries of matters of U.S. federal income tax law or legal conclusions with respect thereto, are accurate and complete in all material respects.

7. The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

This opinion speaks only as of its date, and we undertake no obligation to update any matters or opinions contained herein after the date hereof.

CIRCULAR 230 DISCLOSURE

TO ENSURE COMPLIANCE BY THIS LAW FIRM WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, WE INFORM YOU THAT (A) THIS ADVICE WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, (B) THIS ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) ANY PERSON TO WHOM SUCH TRANSACTIONS OR MATTERS ARE BEING PROMOTED, MARKETED OR RECOMMENDED SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Very truly yours,

Hunton & Williams LLP

11575/08345/02151/03057

EXHIBIT (2)-b

EXHIBIT (2)-b

Progress Energy

(Writer's Direct Dial No. 727-820-5587)

R. ALEXANDER GLENN
General Counsel

March 25, 2010

Banc of America Securities LLC
J.P. Morgan Securities Inc.
Mitsubishi UFJ Securities (USA), Inc.
BNY Mellon Capital Markets, LLC
Citigroup Global Markets Inc.
SunTrust Robinson Humphrey, Inc.
Robert W. Baird & Co. Incorporated
BB&T Capital Markets, a division of Scott & Stringfellow, LLC

c/o Banc of America Securities LLC
One Bryant Park
New York, New York 10036

and

J.P. Morgan Securities Inc.
383 Madison Avenue
New York, New York 10179

and Mitsubishi UFJ Securities (USA), Inc.
1633 Broadway, 29th Floor
New York, New York 10019

(As Representatives of the Underwriters)

Florida Power Corporation
d/b/a Progress Energy Florida, Inc.
First Mortgage Bonds
$250,000,000 4.55% Series due 2020
and
$350,000,000 5.65% Series due 2040

Progress Energy Florida, Inc.
P.O. Box 14042
St. Petersburg, FL 33733

Ladies and Gentlemen:

As General Counsel of Florida Power Corporation d/b/a Progress Energy Florida, Inc. (the "Company"), I am familiar with the terms and provisions of the Underwriting Agreement dated March 22, 2010 (the "Underwriting Agreement") by and among the Company and Banc of America Securities LLC, J.P. Morgan Securities Inc. and Mitsubishi UFJ Securities (USA), Inc., each as an Underwriter and Representative of the several Underwriters listed in Schedule II of the Underwriting Agreement, providing for the purchase by the Underwriters of $250,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 4.55% Series due 2020 and $350,000,000 aggregate principal amount of the Company's First Mortgage Bonds, 5.65% Series due 2040 (collectively, the "Securities"), to be issued under the Company's Indenture dated as of January 1, 1944 (the "Indenture") between the Company and The Bank of New York Mellon, as successor trustee (the "Trustee") (as amended and supplemented by the forty-nine indentures supplemental thereto, including the Forty-Ninth Supplemental Indenture, the "Mortgage").

This opinion is furnished to you at the Company's request as required by Section 9(d) of the Underwriting Agreement. Capitalized terms used and not defined herein shall have the meanings assigned to them in the Underwriting Agreement.

In connection with the foregoing, I have examined the following:

a. The Company's registration statement on Form S-3 (No. 333-155418-01) (the "Registration Statement") filed under the Securities Act of 1933, as amended (the "Securities Act"), together with the documents incorporated by reference, and the Prospectus, dated November 18, 2008, together with the documents incorporated by reference, (the "Base Prospectus"), as supplemented by the Prospectus Supplement, dated March 22, 2010, filed pursuant to Rule 424(b) of the Securities Act (together with the Base Prospectus, the "Prospectus"), pursuant to which the Securities were offered;

b. The Preliminary Prospectus Supplement, dated March 22, 2010 (the "Preliminary Prospectus Supplement"), filed pursuant to Rule 424(b) of the Securities Act (the Base Prospectus, as supplemented by the Preliminary Prospectus Supplement, the "Preliminary Prospectus");

c. The Final Term Sheet, dated March 22, 2010, filed pursuant to Rule 433 of the Securities Act (the "Term Sheet" and together with the Preliminary Prospectus, the "Pricing Disclosure Package");

d. The Mortgage;

e. The form of the Securities; and

f. The Underwriting Agreement.

I call your attention to the fact that neither the Mortgage nor the form of the Securities contains a provision specifying the law by which it is to be governed. For purposes of the opinions expressed in paragraphs 1 and 2 below, I have assumed that the Mortgage and the Securities will be governed by the laws of the State of Florida. The opinions expressed in paragraph 4 below as to incorporation, existence and active status, as the case may be, of the Company are based solely on certificates of legal existence and/or standing issued by the Secretary of State or other appropriate officials of the State of Florida, and my opinion with respect to such matters are rendered as of the respective dates of such certificates and limited accordingly.

As to factual matters, I have relied upon certificates of public officials. I have participated in or reviewed all corporate proceedings with respect to the issuance and sale of the Securities. Whenever the phrases "to the best of my knowledge" or "to my attention" are used herein, they refer to the actual knowledge or attention of me or attorneys employed by the Company and working under my direct supervision.

Based on the foregoing, my familiarity with the properties and affairs of the Company generally, and such other information and documents as I have considered necessary for the purposes hereof, I am of the opinion that:

1. The Mortgage has been duly and validly authorized by all necessary corporate action, has been duly and validly executed and delivered by the Company and is a valid and binding mortgage of the Company enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles and any implied covenant of good faith and fair dealing; provided, however, that certain remedies, waivers and other provisions of the Mortgage may not be enforceable, but such unenforceability will not render the Mortgage invalid as a whole or affect the judicial enforcement of (i) the obligation of the Company to repay the principal, together

with the interest thereon as provided in the Securities or (ii) the right of the Trustee to exercise its right to foreclose under the Mortgage.

2. Assuming authentication of the Securities by the Trustee in accordance with the Mortgage and delivery of the Securities to and payment for the Securities by the Underwriters, as provided in the Underwriting Agreement, the Securities have been duly and validly authorized, executed and delivered and are legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as limited by bankruptcy, insolvency or other laws affecting mortgagees' and other creditors' rights and general equitable principles and any implied covenant of good faith and fair dealings, are entitled to the benefits of the security afforded by the Mortgage, and, upon recording of the security interests (i) in all recording offices in the State of Florida in which the property intended to be subject to the lien of the Mortgage is located, (ii) with the Office of the Secretary of State of the State of Florida and (iii) with the Surface Transportation Board, will be secured equally and ratably with all other bonds outstanding under the Mortgage except insofar as any sinking or other fund may afford additional security for the bonds of any particular series.

3. The Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.

4. The Company has been incorporated, is validly existing as a corporation and its status is active under the laws of the State of Florida.

5. The Company is duly authorized by its Charter to conduct the business that it is now conducting as set forth in the Pricing Disclosure Package and the Prospectus.

6. The Company is an electrical utility engaged in the business of generating, transmitting, distributing and selling electric power to the general public in the State of Florida.

7. The Company has valid and subsisting franchises, licenses and permits adequate for the conduct of its business, except where the failure to hold such franchises, licenses and permits would not have a material adverse effect on the business, properties, results of operations or financial condition of the Company.

8. The Company has good and marketable title, with minor exceptions, restrictions and reservations in conveyances, and defects that are of the nature ordinarily found in properties of similar character and magnitude and that, in my opinion, will not in any substantial way impair the security afforded by the Mortgage, to all the properties described in the granting

clauses of the Mortgage and upon which the Mortgage purports to create a lien. The description in the Mortgage of the above-mentioned properties is legally sufficient to constitute the Mortgage a lien upon said properties, including without limitation properties hereafter acquired by the Company (other than those expressly excepted and reserved therefrom). Said properties constitute substantially all the permanent physical properties and franchises (other than those expressly excepted and reserved from the lien of the Mortgage) of the Company and are held by the Company free and clear of all liens and encumbrances except the lien of the Mortgage and excepted encumbrances, as defined in the Mortgage. The properties of the Company are subject to liens for current taxes, which it is the practice of the Company to pay regularly as and when due. The Company has easements for rights-of-way adequate for the operations and maintenance of its transmission and distribution lines that are not constructed upon public highways. The Company has followed the practice generally of acquiring (i) certain rights-of-way and easements and certain small parcels of fee property appurtenant thereto and for use in conjunction therewith and (ii) certain other properties of small or inconsequential value, without an examination of title and, as to the title to lands affected by said rights-of-way and easements, of not examining the title of the lessor or grantor whenever the lands affected by such rights-of-way and easements are not of such substantial value as in the opinion of the Company to justify the expense attendant upon examination of titles in connection therewith. In my opinion, such practice of the Company is consistent with sound economic practice and with the method followed by other companies engaged in the same business and is reasonably adequate to assure the Company of good and marketable title to all such property acquired by it. It is my opinion that any such conditions or defects as may be covered by the above recited exceptions are not substantial and would not materially interfere with the Company's use of such properties or with its business operations. The Company has the right of eminent domain in the State of Florida under which it may, if necessary, perfect or obtain title to privately owned land or acquire easements or rights-of-way required for use or used by the Company in its public utility operations.

9. The Mortgage has been recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect, in all material respects, the security of the bondholders and all rights of the Trustee thereunder; and the Forty-Ninth Supplemental Indenture relating to the Securities is in proper form for filing for record, both as a real estate mortgage and as a security interest, in all counties in the State of Florida in which any of the property (except as any therein or in the Mortgage are expressly excepted) described therein or in the Mortgage as subject to the lien of the Mortgage is located and, as a security interest, with the Surface Transportation Board and, upon such recording, the Forty-Ninth Supplemental Indenture will constitute adequate record notice to perfect the lien of the

Mortgage, and preserve and protect, in all material respects, the security of the bondholders and all rights of the Trustee, as to all mortgaged and pledged property acquired by the Company subsequent to the recording of the Forty-Eighth Supplemental Indenture and prior to the recording of the Forty- Ninth Supplemental Indenture.

10. The Mortgage constitutes a valid, direct and first mortgage lien of record upon all franchises and properties now owned by the Company (other than those expressly excepted from the lien of the Mortgage and other than those franchises and properties which are not, individually or in the aggregate, material to the Company or the security afforded by the Mortgage) situated in the State of Florida, as described or referred to in the granting clauses of the Mortgage, subject to the exceptions as to bankruptcy, insolvency and other laws stated in paragraph 1 above.

11. The issuance and sale of the Securities have been duly authorized by all necessary corporate action on the part of the Company.

12. An order has been entered by the Florida Public Service Commission authorizing the issuance and sale of the Securities, and to the best of my knowledge, said order is still in force and effect; and no further filing with, approval, authorization, consent or other order of any public board or body (except such as have been obtained under the Securities Act and as may be required under the state securities or Blue Sky laws of any jurisdiction) is legally required for the consummation of the transactions contemplated in the Underwriting Agreement.

13. Except as described in or contemplated by the Pricing Disclosure Package and the Prospectus, there are no pending actions, suits or proceedings (regulatory or otherwise) against the Company or any of its properties that are likely, in the aggregate, to result in any material adverse change in the business, properties, results of operations or financial condition of the Company or that are likely, in the aggregate, to materially and adversely affect the Mortgage, the Securities or the consummation of the Underwriting Agreement, or the transactions contemplated therein.

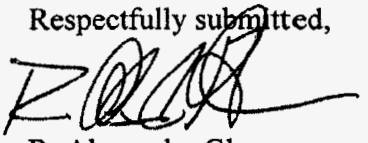
14. The consummation of the transactions contemplated by the Underwriting Agreement and the fulfillment of the terms of the Underwriting Agreement will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, the Charter or the Company's by-laws or (ii) result in a breach of any terms or provisions of, or constitute a default under, any applicable law, indenture, mortgage, deed of trust or other material agreement or instrument to which the Company is now a party or any judgment, order, writ or decree of any government or governmental authority or agency or court having jurisdiction over the Company

or any of its assets, properties or operations that, in the case of any such breach or default, would have a material adverse effect on the business, properties, results of operations or financial condition of the Company.

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This opinion may be relied on by you, by any other Underwriters identified in the Underwriting Agreement, by Hunton & Williams LLP and by Dewey & LeBoeuf LLP, as counsel for the Underwriters.

Respectfully submitted,



R. Alexander Glenn
General Counsel

EXHIBIT (2)-e

EXHIBIT (2)-e

HUNTON& WILLIAMS

HUNTON & WILLIAMS LLP
POST OFFICE BOX 109
RALEIGH, NORTH CAROLINA 27602

TEL 919 • 899 • 3000
FAX 919 • 833 • 6352

October 15, 2010

To each of the Lenders parties to the Agreement
referred to below and Bank of America, N.A., as
Administrative Agent

Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by us as counsel for Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") pursuant to Section 3.01(a)(viii) of the Credit Agreement, dated as of October 15, 2010 (the "***Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders thereunder (the "***Lenders***") and Bank of America, N.A., as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Agreement, we have examined:

(1) The Agreement.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the Agreement.

(3) The opinion letter of even date herewith, addressed to you by R. Alexander Glenn, General Counsel of Progress Energy Florida, Inc., and delivered in connection with the transactions contemplated by the Agreement (the "***Company Opinion Letter***").

We have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and agreements, instruments and other documents as we have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, we have, when relevant facts were not independently established by us, relied upon certificates of the Borrower or its officers or of public officials. We have assumed the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of the originals (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties.

We are members of the Bar of the State of New York, and the opinions expressed herein are limited to the law of the State of New York and the federal law of the United States. To the extent that our opinions expressed herein depend upon opinions expressed in paragraphs 1 through 4 of the Company Opinion Letter, we have relied without independent investigation on the accuracy of the opinions expressed in the Company Opinion Letter, subject to the assumptions, qualifications and limitations set forth in the Company Opinion Letter.

Based upon the foregoing and upon such investigation as we have deemed necessary, we are of the opinion that the Agreement constitutes the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms except as enforcement may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

The opinion set forth above is subject to the following qualifications:

(a) In addition to the application of equitable principles described above, courts have imposed an obligation on contracting parties to act reasonably and in good faith in the exercise of their contractual rights and remedies, and may also apply public policy considerations in limiting the right of parties seeking to obtain indemnification under circumstances where the conduct of such parties is determined to have constituted negligence.

(b) No opinion is expressed herein as to (i) Section 8.05 of the Agreement, (ii) the enforceability of provisions purporting to grant to a party conclusive rights of determination, (iii) the availability of specific performance or other equitable remedies, (iv) the enforceability of rights to indemnity under federal or state securities laws or (v) the enforceability of waivers by parties of their respective rights and remedies under law.

(c) No opinion is expressed herein as to provisions, if any, in the Agreement, which (A) purport to excuse, release or exculpate a party for liability for or indemnify a party against the consequences of its own acts, (B) purport to make void any act done in contravention thereof, (C) purport to authorize a party to make binding determinations in its sole discretion, (D) relate to the effects of laws which may be enacted in the future, (E) require waivers, consents or amendments to be made only in writing, (F) purport to waive rights of offset or to create rights of set off other than as provided by statute, (G) purport to permit acceleration of indebtedness and the exercise of remedies by reason of the occurrence of an immaterial breach of the Agreement or any related document or (H) have the effect of imposing penalties or forfeitures. Further, we express no opinion as to the necessity for any Lender, by reason of such Lender's particular circumstances, to qualify to transact business in the State of New York or as to any Lender's liability for taxes in any jurisdiction.

(d) In connection with the provisions of the Agreement whereby the Borrower submits to the jurisdiction of the courts of the United States of America located in the State of New York, we note the limitations of 28 U.S.C. §§ 1331 and 1332 on subject matter jurisdiction of the Federal Courts. In connection with the provisions of the Agreement that relate to forum selection (including, without limitation, a waiver of any objection to venue or any objection that a court is an inconvenient forum), we note that under NYCPLR § 510, a New York State court may have discretion to transfer the place of trial, and under 28 U.S.C. § 1404(a), a United States District Court has discretion to transfer an action from one Federal Court to another.

The foregoing opinion is solely for your benefit and may not be relied upon by any other Person other than any other Person that may become a Lender under the Agreement after the date hereof in accordance with the provisions thereof.

Very truly yours,

Hunton & Williams LLP

EXHIBIT (2)-f

EXHIBIT (2)-f

Progress Energy

(Writer's Direct Dial No. 727-820-5587)

R. ALEXANDER GLENN
General Counsel

OPINION OF GENERAL COUNSEL
TO THE COMPANY

October 15, 2010

To each of the Lenders parties to the
Agreement referred to below and
Bank of America, N.A.
as Administrative Agent

Re: Florida Power Corporation D/B/A Progress Energy Florida, Inc.

Ladies and Gentlemen:

This opinion is furnished to you by me as General Counsel of Florida Power Corporation D/B/A Progress Energy Florida, Inc. (the "***Borrower***") pursuant to Section 3.01(a)(viii) of the Credit Agreement, dated as of October 15, 2010 (the "***Agreement***", the terms defined therein being used herein as therein defined), among the Borrower, certain lenders thereunder (the "***Lenders***") and Bank of America, N.A., as administrative agent for the Lenders.

In connection with the preparation, execution and delivery of the Agreement, I have examined:

(1) The Agreement.

(2) The documents furnished by the Borrower pursuant to Section 3.01 of the Agreement.

(3) The Restated Charter of the Borrower (the "***Charter***").

(4) The Bylaws of the Borrower and all amendments thereto (the "***Bylaws***").

(5) The FPSC Order.

I have also examined the originals, or copies of such other corporate records of the Borrower, certificates of public officials and of officers of the Borrower and

agreements, instruments and other documents as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates of the Borrower or its officers or of public officials. I have assumed the authenticity of all documents submitted to me as originals, the conformity to originals of all documents submitted as certified or photostatic copies and the authenticity of signatures (other than those of the Borrower), and the due execution and delivery, pursuant to due authorization, of the Agreement by the Lenders and the Administrative Agent and the validity and binding effect thereof on such parties. For purposes of my opinions expressed in paragraph 1 below as to existence and good standing, I have relied as of their respective dates on certificates of public officials, copies of which are attached hereto as Exhibit A. Whenever the phrase "to my knowledge" is used in this opinion it refers to my actual knowledge and the actual knowledge of the attorneys who work under my supervision and who were involved in the representation of the Borrower in connection with the transactions contemplated by the Agreement.

I or attorneys working under my supervision are qualified to practice law in the State of Florida, and the opinions expressed herein are limited to the law of the State of Florida and the federal law of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the following opinion:

1. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. The Borrower has the corporate power and authority to enter into the transactions contemplated by the Agreement.

2. The execution, delivery and performance of the Agreement by the Borrower have been duly authorized by all necessary corporate action on the part of the Borrower and the Agreement has been duly executed and delivered by the Borrower.

3. The execution, delivery and performance of the Agreement by the Borrower will not (i) violate the Charter or the Bylaws or any law, rule or regulation applicable to the Borrower (including, without limitation, Regulation X of the Board of Governors of the Federal Reserve System) or (ii) result in a breach of, or constitute a default under, any judgment, decree or order binding on the Borrower, or any indenture, mortgage, contract or other instrument to which it is a party or by which it is bound.

4. No authorization, approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Agreement, other than the FPSC Order, which has been duly issued and is in full force and effect. All periods for review and approval of the FPSC Order have expired, and no such request for review or appeal thereof has been filed or is pending.

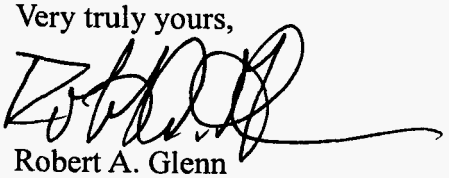
5. To my knowledge, except as described in the reports and registration statements that the Borrower has filed with the Securities and Exchange Commission, there are no pending or overtly threatened actions or proceedings against the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator, that purport to affect the legality, validity, binding effect or enforceability of the Agreement or that are likely to have a material adverse effect upon the financial condition, operations or properties of the Borrower or any of its Subsidiaries.

The opinions set forth above are subject to the qualification that, except as provided in paragraph 4 above, no opinion is expressed herein as to the enforceability of the Agreement or any other document.

The foregoing opinions are solely for your benefit and may not be relied upon by any other Person other than (i) any other Person that may become a Lender under the Agreement after the date hereof and (ii) Hunton & Williams LLP and King & Spalding LLP, in connection with their respective opinions delivered on the date hereof under Section 3.01 of the Agreement.

[*Signature Page Follows*]

Very truly yours,



Robert A. Glenn
General Counsel

EXHIBIT (3)-a

EXHIBIT (3)-a

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission File Number	Exact name of registrants as specified in their charters, state of incorporation, address of principal executive offices, and telephone number	I.R.S. Employer Identification Number
		
1-15929	**Progress Energy, Inc.** 410 South Wilmington Street Raleigh, North Carolina 27601-1748 Telephone: (919) 546-6111 State of Incorporation: North Carolina	56-2155481
1-3382	**Carolina Power & Light Company** **d/b/a Progress Energy Carolinas, Inc.** 410 South Wilmington Street Raleigh, North Carolina 27601-1748 Telephone: (919) 546-6111 State of Incorporation: North Carolina	56-0165465
1-3274	**Florida Power Corporation** **d/b/a Progress Energy Florida, Inc.** 299 First Avenue North St. Petersburg, Florida 33701 Telephone: (727) 820-5151 State of Incorporation: Florida	59-0247770

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
Progress Energy, Inc.:	
Common Stock (Without Par Value)	New York Stock Exchange
Carolina Power & Light Company:	None
Florida Power Corporation:	None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Progress Energy, Inc.:	None
Carolina Power & Light Company:	$5 Preferred Stock, No Par Value Serial Preferred Stock, No Par Value
Florida Power Corporation:	None

Indicate by check mark whether each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Act.

Progress Energy, Inc. (Progress Energy)	Yes	(X)	No	( )
Carolina Power & Light Company (PEC)	Yes	( )	No	(X)
Florida Power Corporation (PEF)	Yes	( )	No	(X)

Indicate by check mark whether each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Progress Energy	Yes	( )	No	(X)
PEC	Yes	( )	No	(X)
PEF	Yes	(X)	No	( )

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Progress Energy	Yes	(X)	No	( )
PEC	Yes	(X)	No	( )
PEF	Yes	( )	No	(X)

Indicate by check mark whether each registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Progress Energy	Yes	(X)	No	( )
PEC	Yes	( )	No	( )
PEF	Yes	( )	No	( )

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in PART III of this Form 10-K or any amendment to this Form 10-K.

Progress Energy	(X)
PEC	(X)
PEF	(X)

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Progress Energy	Large accelerated filer	(X)	Accelerated filer	( )
	Non-accelerated filer	( )	Smaller reporting company	( )
PEC	Large accelerated filer	( )	Accelerated filer	( )
	Non-accelerated filer	(X)	Smaller reporting company	( )
PEF	Large accelerated filer	( )	Accelerated filer	( )
	Non-accelerated filer	(X)	Smaller reporting company	( )

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Act).

Progress Energy	Yes	( )	No	(X)
PEC	Yes	( )	No	(X)
PEF	Yes	( )	No	(X)

As of June 30, 2010, the aggregate market value of the voting and nonvoting common equity of Progress Energy held by nonaffiliates was $11,477,572,820. As of June 30, 2010, the aggregate market value of the common equity of PEC held by nonaffiliates was $0. All of the common stock of PEC is owned by Progress Energy. As of June 30, 2010, the aggregate market value of the common equity of PEF held by nonaffiliates was $0. All of the common stock of PEF is indirectly owned by Progress Energy.

As of February 22, 2011, each registrant had the following shares of common stock outstanding:

Registrant	Description	Shares
Progress Energy	Common Stock (Without Par Value)	293,541,665
PEC	Common Stock (Without Par Value)	159,608,055
PEF	Common Stock (Without Par Value)	100

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Progress Energy and PEC definitive proxy statements for the 2011 Annual Meeting of Shareholders are incorporated into PART III, Items 10, 11, 12 , 13 and 14 hereof.

This combined Form 10-K is filed separately by three registrants: Progress Energy, PEC and PEF (collectively, the Progress Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

PEF meets the conditions set forth in General Instruction I (1) (a) and (b) of Form 10-K and is therefore filing this Form 10-K with the reduced disclosure format permitted by General Instruction I (2) to such Form 10-K.

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GLOSSARY OF TERMS

We use the words "Progress Energy," "we," "us" or "our" to indicate that certain information relates to Progress Energy, Inc. and its subsidiaries on a consolidated basis. When appropriate, the parent holding company or the subsidiaries of Progress Energy are specifically identified on an unconsolidated basis as we discuss their various business activities.

The following abbreviations, acronyms or initialisms are used by the Progress Registrants:

TERM	DEFINITION
401(k)	Progress Energy 401(k) Savings & Stock Ownership Plan
AFUDC	Allowance for funds used during construction
ARO	Asset retirement obligation
ASC	FASB Accounting Standards Codification
ASLB	Atomic Safety and Licensing Board
the Asset Purchase Agreement	Agreement by and among Global, Earthco and certain affiliates, and the Progress Affiliates as amended on August 23, 2000
ASU	Accounting Standards Update
Audit Committee	Audit and Corporate Performance Committee of Progress Energy's board of directors
BART	Best Available Retrofit Technology
Base Revenues	Non-GAAP measure defined as operating revenues excluding clause recoverable regulatory returns, miscellaneous revenues and fuel and other pass-through revenues
Brunswick	PEC's Brunswick Nuclear Plant
Btu	British thermal unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CCRC	Capacity Cost-Recovery Clause
CERCLA or Superfund	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
Clean Smokestacks Act	North Carolina Clean Smokestacks Act
the Code	Internal Revenue Code
CO_2	Carbon dioxide
COL	Combined license
Corporate and Other	Corporate and Other segment primarily includes the Parent, Progress Energy Service Company and miscellaneous other nonregulated businesses
CR1 and CR2	PEF's Crystal River Units No. 1 and No. 2 coal-fired steam turbines
CR3	PEF's Crystal River Unit No. 3 Nuclear Plant
CR4 and CR5	PEF's Crystal River Units No. 4 and No. 5 coal-fired steam turbines
CVO	Contingent value obligation
D.C. Court of Appeals	U.S. Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DSM	Demand-side management
Duke Energy	Duke Energy Corporation
Earthco	Four coal-based solid synthetic fuels limited liability companies of which three were wholly owned
ECCR	Energy Conservation Cost Recovery Clause
ECRC	Environmental Cost Recovery Clause
EE	Energy efficiency
EIP	Equity Incentive Plan
EPA	United States Environmental Protection Agency
EPC	Engineering, procurement and construction
ESOP	Employee Stock Ownership Plan

FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company, LLC
Fitch	Fitch Ratings
the Florida Global Case	*U.S. Global, LLC v. Progress Energy, Inc. et al.*
Florida Progress	Florida Progress Corporation
FPSC	Florida Public Service Commission
Funding Corp.	Florida Progress Funding Corporation, a wholly owned subsidiary of Florida Progress
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Global	U.S. Global, LLC
GWh	Gigawatt-hours
Harris	PEC's Shearon Harris Nuclear Plant
IPP	Progress Energy Investor Plus Plan
kV	Kilovolt
kVA	Kilovolt-ampere
kWh	Kilowatt-hours
Levy	PEF's proposed nuclear plant in Levy County, Fla.
LIBOR	London Inter Bank Offered Rate
MACT	Maximum achievable control technology
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations contained in PART II, Item 7 of this Form 10-K
Medicare Act	Medicare Prescription Drug, Improvement and Modernization Act of 2003
the Merger	Proposed merger between Progress Energy and Duke Energy
the Merger Agreement	Agreement and Plan of Merger, dated as of January 8, 2011, by and among Progress Energy and Duke Energy
MGP	Manufactured gas plant
MW	Megawatts
MWh	Megawatt-hours
Moody's	Moody's Investors Service, Inc.
NAAQS	National Ambient Air Quality Standards
NC REPS	North Carolina Renewable Energy and Energy Efficiency Portfolio Standard
NCUC	North Carolina Utilities Commission
NDT	Nuclear decommissioning trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
North Carolina Global Case	*Progress Synfuel Holdings, Inc. et al. v. U.S. Global, LLC*
NOx	Nitrogen oxides
NRC	Nuclear Regulatory Commission
O&M	Operation and maintenance expense
OATT	Open Access Transmission Tariff
OCI	Other comprehensive income
Ongoing Earnings	Non-GAAP financial measure defined as GAAP net income attributable to controlling interests after excluding discontinued operations and the effects of certain identified gains and charges
OPEB	Postretirement benefits other than pensions
the Parent	Progress Energy, Inc. holding company on an unconsolidated basis
PEC	Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.
PEF	Florida Power Corporation d/b/a Progress Energy Florida, Inc.
PESC	Progress Energy Service Company, LLC
Power Agency	North Carolina Eastern Municipal Power Agency

PPACA	Patient Protection and Affordable Care Act and the related Health Care and Education Reconciliation Act
Preferred Securities	7.10% Cumulative Quarterly Income Preferred Securities due 2039, Series A issued by the Trust
Preferred Securities Guarantee	Florida Progress' guarantee of all distributions related to the Preferred Securities
Progress Affiliates	Five affiliated coal-based solid synthetic fuels facilities
Progress Energy	Progress Energy, Inc. and subsidiaries on a consolidated basis
Progress Registrants	The reporting registrants within the Progress Energy consolidated group. Collectively, Progress Energy, Inc., PEC and PEF
PRP	Potentially responsible party, as defined in CERCLA
PSSP	Performance Share Sub-Plan
QF	Qualifying facility
RCA	Revolving credit agreement
Reagents	Commodities such as ammonia and limestone used in emissions control technologies
REPS	Renewable energy portfolio standard
Robinson	PEC's Robinson Nuclear Plant
ROE	Return on equity
RSU	Restricted stock unit
SCPSC	Public Service Commission of South Carolina
Section 29	Section 29 of the Code
Section 29/45K	General business tax credits earned after December 31, 2005 for synthetic fuels production in accordance with Section 29
Section 45K	Section 45K of the Code
Section 316(b)	Section 316(b) of the Clean Water Act
(See Note/s "#")	For all sections, this is a cross-reference to the Combined Notes to the Financial Statements contained in PART II, Item 8 of this Form 10-K
SERC	SERC Reliability Corporation
S&P	Standard & Poor's Rating Services
SO_2	Sulfur dioxide
Subordinated Notes	7.10% Junior Subordinated Deferrable Interest Notes due 2039 issued by Funding Corp.
Tax Agreement	Intercompany Income Tax Allocation Agreement
the Trust	FPC Capital I
the Utilities	Collectively, PEC and PEF
VIE	Variable interest entity
Ward	Ward Transformer site located in Raleigh, N.C.
Ward OU1	Operable unit for stream segments downstream from the Ward site
Ward OU2	Operable unit for further investigation at the Ward facility and certain adjacent areas

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

In this combined report, each of the Progress Registrants makes forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The matters discussed throughout this combined Form 10-K that are not historical facts are forward looking and, accordingly, involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Any forward-looking statement is based on information current as of the date of this report and speaks only as of the date on which such statement is made, and the Progress Registrants undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made.

In addition, examples of forward-looking statements discussed in this Form 10-K include, but are not limited to, 1) statements made in PART I, Item 1A, "Risk Factors" and 2) PART II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" (MD&A) including, but not limited to, statements under the following headings: a) "Merger" about the proposed merger between Progress Energy and Duke Energy Corporation (Duke Energy) (the Merger) and the impact of the Merger on our strategy and liquidity; b) "Strategy" about our future strategy and goals; c) "Results of Operations" about trends and uncertainties; d) "Liquidity and Capital Resources" about operating cash flows, future liquidity requirements and estimated capital expenditures; and e) "Other Matters" about the effects of new environmental regulations, changes in the regulatory environment, meeting anticipated demand in our regulated service territories, potential nuclear construction and our synthetic fuels tax credits.

Examples of factors that you should consider with respect to any forward-looking statements made throughout this document include, but are not limited to, the following:

- our ability to obtain the approvals required to complete the Merger and the impact of compliance with material restrictions or conditions potentially imposed by our regulators;
- the risk that the Merger is terminated prior to completion and results in significant transaction costs to us;
- our ability to achieve the anticipated results and benefits of the Merger;
- the impact of business uncertainties and contractual restrictions while the Merger is pending;
- the impact of fluid and complex laws and regulations, including those relating to the environment and energy policy;
- our ability to recover eligible costs and earn an adequate return on investment through the regulatory process;
- the ability to successfully operate electric generating facilities and deliver electricity to customers;
- the impact on our facilities and businesses from a terrorist attack;
- the ability to meet the anticipated future need for additional baseload generation and associated transmission facilities in our regulated service territories and the accompanying regulatory and financial risks;
- our ability to meet current and future renewable energy requirements;
- the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks;
- the financial resources and capital needed to comply with environmental laws and regulations;
- risks associated with climate change;
- weather and drought conditions that directly influence the production, delivery and demand for electricity;
- recurring seasonal fluctuations in demand for electricity;
- the ability to recover in a timely manner, if at all, costs associated with future significant weather events through the regulatory process;
- fluctuations in the price of energy commodities and purchased power and our ability to recover such costs through the regulatory process;
- the Progress Registrants' ability to control costs, including operations and maintenance expense (O&M) and large construction projects;
- the ability of our subsidiaries to pay upstream dividends or distributions to Progress Energy, Inc. holding company (the Parent);

- current economic conditions;
- the ability to successfully access capital markets on favorable terms;
- the stability of commercial credit markets and our access to short- and long-term credit;
- the impact that increases in leverage or reductions in cash flow may have on each of the Progress Registrants;
- the Progress Registrants' ability to maintain their current credit ratings and the impacts in the event their credit ratings are downgraded;
- the investment performance of our nuclear decommissioning trust (NDT) funds;
- the investment performance of the assets of our pension and benefit plans and resulting impact on future funding requirements;
- the impact of potential goodwill impairments;
- our ability to fully utilize tax credits generated from the previous production and sale of qualifying synthetic fuels under Internal Revenue Code Section 29/45K (Section 29/45K); and
- the outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements.

Many of these risks similarly impact our nonreporting subsidiaries.

These and other risk factors are detailed from time to time in the Progress Registrants' filings with the SEC. Many, but not all, of the factors that may impact actual results are discussed in Item 1A, "Risk Factors," which should be read carefully. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can management assess the effect of each such factor on the Progress Registrants.

PART I

ITEM 1. BUSINESS

GENERAL

ORGANIZATION

Progress Energy, Inc. is a public utility holding company primarily engaged in the regulated electric utility business. Headquartered in Raleigh, N.C., it owns, directly or indirectly, all of the outstanding common stock of its utility subsidiaries, PEC and PEF. In this report, Progress Energy, which includes the Parent and its subsidiaries on a consolidated basis, is at times referred to as "we," "our" or "us." When discussing Progress Energy's financial information, it necessarily includes the results of PEC and PEF (collectively, the Utilities). The term "Progress Registrants" refers to each of the three separate registrants: Progress Energy, PEC and PEF. However, neither of the Utilities makes any representation as to information related solely to Progress Energy or the subsidiaries of Progress Energy other than itself. The Parent was incorporated on August 19, 1999, initially as CP&L Energy, Inc. and became the holding company for PEC on June 19, 2000. We acquired PEF through our November 2000 acquisition of its parent, Florida Progress Corporation (Florida Progress).

Our reportable segments are PEC and PEF, which are primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina and in portions of Florida, respectively. The Corporate and Other segment primarily includes amounts applicable to the activities of the Parent and Progress Energy Service Company, LLC (PESC) and other miscellaneous nonregulated businesses (Corporate and Other) that do not separately meet the quantitative disclosure requirements as a reportable business segment. See Note 19 for information regarding the revenues, income and assets attributable to our business segments.

The Utilities have more than 22,000 megawatts (MW) of regulated electric generation capacity and serve approximately 3.1 million retail electric customers as well as other load-serving entities. We are dedicated to meeting the growth needs of our service territories and delivering reliable, competitively priced energy from a diverse portfolio of power plants. The Utilities operate in retail service territories that have historically had population growth higher than the U.S. average. However, like other parts of the United States, our service territories and business have been negatively impacted by the current economic conditions. The timing and extent of the recovery of the economy cannot be predicted.

For the year ended December 31, 2010, our consolidated revenues were $10.190 billion and our consolidated assets at year-end were $33.054 billion.

The Progress Registrants' annual reports on Form 10-K, definitive proxy statements for our annual shareholder meetings, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available free of charge through the Investors section of our website at www.progress-energy.com. Information on our website is not incorporated herein and should not be deemed part of this Report. These reports are available as soon as reasonably practicable after such material is electronically filed with, or furnished with the SEC. The public may read and copy any material we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information regarding the operations of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Alternatively, the SEC maintains a website, www.sec.gov, containing reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

RECENT DEVELOPMENTS

On January 8, 2011, Duke Energy and Progress Energy entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the Merger Agreement, Progress Energy will be acquired by Duke Energy in a stock-for-stock transaction and continue as a wholly owned subsidiary of Duke Energy (the Merger). Both companies' boards of directors have unanimously approved the Merger Agreement. However, consummation of the Merger is subject to customary conditions, including, among other things, approval of the shareholders of each company, expiration or termination of the applicable Hart-Scott-Rodino Act waiting period, and receipt of approval, to the extent required,

from the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission, the Nuclear Regulatory Commission (NRC), the North Carolina Utilities Commission (NCUC), the Kentucky Public Service Commission and the South Carolina Public Service Commission (SCPSC), the Florida Public Service Commission (FPSC), the Indiana Utility Regulatory Commission, and the Ohio Public Utilities Commission . See Item IA, "Risk Factors," MD&A – "Introduction – Merger," and Note 25 for additional information related to the Merger.

On June 1, 2010, the FPSC approved a settlement agreement between PEF and interveners, with the exception of the Florida Association for Fairness in Ratemaking, to the 2009 rate case and a PEF-proposed accounting order. Among other provisions, under the terms of the settlement agreement, PEF will maintain base rates at current levels through the last billing cycle of 2012. The settlement agreement also provides that PEF will have the discretion to reduce amortization expense (cost of removal component) in 2010, 2011 and 2012. The settlement agreement also provides that if PEF's actual retail base rate earnings fall below a 9.5 percent return on equity (ROE) on an adjusted or pro forma basis, as reported on a historical 12-month basis during the term of the agreement, PEF may seek general, limited or interim base rate relief, or any combination thereof. Prior to requesting any such relief, PEF must have reflected on its referenced surveillance report associated amortization expense reductions of at least $150 million. The settlement agreement does not preclude PEF from requesting the FPSC to approve the recovery of costs (a) that are of a type which traditionally and historically would be, have been or are presently recovered through cost-recovery clauses or surcharges, or (b) that are incremental costs not currently recovered in base rates, which the legislature or FPSC determines are clause recoverable, or (c) which are recoverable through base rates under the nuclear cost-recovery legislation or the FPSC's nuclear cost-recovery rule. See Note 7C for additional provisions of the settlement agreement.

In September 2009, PEF's nuclear generating unit, Crystal River Unit No. 3 (CR3), began an outage for normal refueling and maintenance as well as its uprate project to increase the unit's generating capability and to replace two steam generators. During preparations to replace the steam generators, we discovered a delamination within the concrete of the outer wall of the containment structure, which has resulted in an extension of the outage. We expect to complete repairs in March, and return the unit to service following successful completion of post-repair testing and start-up activities in April 2011. Nuclear safety remains our top priority, and our plans and actions will continue to reflect that commitment. A number of factors affect the return to service date, including regulatory reviews by the NRC and other agencies, emergent work, final engineering designs, testing, weather and other developments. PEF anticipates recovering the costs related to the extended outage through a combination of insurance and customer rates. See "Nuclear Matters – General" and Note 7C.

Although we have not made a final determination on new nuclear construction, we have taken steps to keep open the option of building one or more plants at Shearon Harris Nuclear Plant (Harris) in North Carolina and at a greenfield site in Levy County, Florida (Levy). We have focused on Levy given the need for more fuel diversity in Florida and anticipated federal and state policies to reduce greenhouse gas (GHG) emissions, as well as existing state legislative policy, which is supportive of nuclear projects. PEF has received two of the three key approvals (with the issuance of a combined license [COL] by the NRC remaining) and entered into an engineering, procurement and construction (EPC) agreement for the two proposed Levy units. As discussed in "Nuclear Matters – Potential New Construction," with the 2010 amendment to the EPC agreement, PEF will postpone major construction activities at Levy until after the NRC issues the COL. If the licensing schedule remains on track and if the decision to build is made, the first of PEF's two proposed units could be in service in 2021. The second unit could be in service 18 months later.

We are preparing for a carbon-constrained future given the state, federal and international focus on global climate change. We are expanding and enhancing our demand-side management (DSM), energy-efficiency (EE) and energy conservation programs. In 2010, we accepted a grant from the United States Department of Energy (DOE) for $200 million in federal matching infrastructure funds in support of our smart grid initiatives. In addition to providing the Utilities real-time information about the state of their electric grids, the smart grid transition will enable customers to better understand and manage their energy use, and will provide for more efficient integration of renewable energy resources. We continue to actively pursue alternative energy projects. We have executed contracts to purchase 311 MW of electricity generated from solar, biomass and municipal solid waste sources. We have adopted a major coal-to-gas modernization strategy whereby the 11 remaining coal-fired generating facilities in North Carolina that do not have scrubbers would be retired by the end of 2014 (prior to the end of their useful lives) and their approximately 1,500 MW of generating capacity replaced with new natural gas-fueled facilities. This will provide rate base growth

while reducing our carbon emissions. After 2014, PEC will continue to operate its Roxboro, Mayo and Asheville coal-fired plants in North Carolina, which have state-of-the-art emission controls.

COMPETITION

RETAIL COMPETITION

To our knowledge, there is currently no enacted or proposed legislation in North Carolina, South Carolina or Florida that would give the Utilities' retail customers the right to choose their electricity provider or otherwise restructure or deregulate the electric industry. However, the Utilities compete with suppliers of other forms of energy in connection with their retail customers.

Although there is no pending legislation at this time, if the retail jurisdictions served by the Utilities become subject to deregulation, the recovery of "stranded costs" could become a significant consideration. Stranded costs primarily include the generation assets of utilities whose value in a competitive marketplace would be less than their current book value, as well as above-market purchased power commitments to qualified facilities (QFs). Thus far, all states that have passed restructuring legislation have provided for the opportunity to recover a substantial portion of stranded costs.

Our largest stranded cost exposure is for PEF's purchased power commitments with QFs, under which PEF has future minimum expected capacity payments through 2025 of $4.7 billion (See Notes 22A and 22B). PEF was obligated to enter into these contracts under provision of the Public Utilities Regulatory Policies Act of 1978. PEF continues to seek ways to address the impact of escalating payments under these contracts. However, the FPSC allows full recovery of the retail portion of the cost of power purchased from QFs. PEC does not have significant future minimum expected capacity payments under its purchased power commitments with QFs.

WHOLESALE COMPETITION

The Utilities compete with other utilities and merchant generators for bulk power sales and for sales to municipalities and cooperatives.

Increased competition in the wholesale electric utility industry and the availability of transmission access could affect the Utilities' load forecasts, plans for power supply and wholesale energy sales and related revenues. Wholesale energy sales will be impacted by the extent to which additional generation is available to sell to the wholesale market and the ability of the Utilities to attract new wholesale customers and to retain current wholesale customers who have existing contracts with PEC or PEF.

The FERC adopted final rules designed to 1) strengthen the pro forma open access transmission tariff (OATT) to ensure that it achieves its original purpose of remedying undue discrimination; 2) provide greater specificity in the pro forma OATT to reduce opportunities for the exercise of undue discrimination, make undue discrimination easier to detect, and facilitate the FERC's enforcement; and 3) increase transparency in the rules applicable to planning and use of the transmission system. One of the most significant revisions to the pro forma OATT relates to the development of consistent methodologies for calculating available transfer capability, which determines whether transmission customers can access alternative power supplies. Other significant revisions include: changes to the transmission planning process; reform of energy and generator imbalance penalties; adoption of a "conditional firm" component to long-term point-to-point transmission service and reform of existing requirements for the provision of redispatch service; reform of rollover rights policy; clarification of tariff ambiguities; and increased transparency and customer access to information.

Certain details related to the rules, such as the precise methodology that will be used to calculate available transfer capability, remain to be determined, and thus it is difficult to make a determination of the overall effect of the new rules on the Utilities' transmission operations or wholesale marketing function. However, on a preliminary basis, the rule is not anticipated to have a significant impact on the Utilities' financial results. Nonetheless, the final rule is anticipated to include a wide range of provisions addressing transmission services, and as the new tariff is implemented there is likely to be a significant impact on the Utilities' transmission operations, planning and wholesale marketing functions.

PEC and PEF are subject to regulation by the FERC with respect to transmission service, including generator interconnection service for facilities making sales for resale and wholesale sales of electric energy. FERC has approved, subject to modification, regional grid planning processes covering PEC and PEF. PEC and PEF made compliance filings with FERC in 2008. PEC received approval from the FERC in January 2010, and PEF is still awaiting FERC approval.

The FERC requires that entities desiring to make wholesale sales of electricity at market-based rates document that they do not possess market power. Market power is exercised when an entity profitably drives up prices through its control of a single activity, such as electricity generation, where it controls a significant share of the total capacity available to the market. The FERC has established screening measures for such determinations. Given the difficulty PEC believed it would experience in passing one of the screens, PEC revised its market-based rate tariffs in 2005 to restrict PEC to sales outside of its control area and peninsular Florida, and filed a new cost-based tariff for sales within PEC's control area. Accordingly, PEC and PEF make wholesale sales of electricity at cost-based rates in areas inside of PEC's control area and peninsular Florida and at market-based rates in areas outside of PEC's control area and peninsular Florida. We do not anticipate that the operations of the Utilities will be materially impacted by this market-based rates decision.

FRANCHISE MATTERS

PEC has nonexclusive franchises with varying expiration dates in most of the municipalities in North Carolina and South Carolina in which it distributes electricity. In North Carolina, franchises generally continue for 60 years. In South Carolina, franchises continue in perpetuity unless terminated according to certain statutory methods. The general effect of these franchises is to provide for the manner in which PEC occupies rights-of-way in incorporated areas of municipalities for the purpose of constructing, operating and maintaining an energy transmission and distribution system. Of PEC's 240 franchises, the majority covers 60-year periods from the date enacted, and 45 have no specific expiration dates. Of the PEC franchise agreements with expiration dates, 13 expire during the period 2011 through 2015, and the remaining agreements expire between 2016 and 2070. PEC also provides service within a number of municipalities and in all of the unincorporated areas within its service area without franchise agreements.

PEF has nonexclusive franchises with varying expiration dates in 111 of the Florida municipalities in which it distributes electricity. PEF also provides service to 10 other municipalities and in all of the unincorporated areas within its service area without franchise agreements. The general effect of these franchises is to provide for the manner in which PEF occupies rights-of-way in incorporated areas of municipalities for the purpose of constructing, operating and maintaining an energy transmission and distribution system. The PEF franchise agreements cover periods ranging from 10 to 30 years with the majority covering 30-year periods from the date enacted. Of PEF's 111 franchise agreements, 39 expire between 2011 and 2015, and the remaining agreements expire between 2016 and 2040.

REGULATORY MATTERS

HOLDING COMPANY REGULATION

The Parent is a registered public utility holding company subject to regulation by the FERC, including provisions relating to the establishment of intercompany extensions of credit, sales, acquisitions of securities and utility assets, and services performed by PESC. The FERC also has authority over accounting and record retention and cost allocation jurisdiction at the election of the holding company system or the state utility commissions with jurisdiction over its utility subsidiaries.

UTILITY REGULATION

FEDERAL REGULATION

The Utilities are subject to regulation by a number of federal regulatory agencies, including the DOE, the North American Electric Reliability Corporation (NERC), the NRC and the United States Environmental Protection Agency (EPA).

Reliability Standards

The FERC has certified the NERC as the electric reliability organization that will propose and enforce mandatory reliability standards for the bulk power electric system. Included in this certification was a provision for the delegation of authority to audit, investigate and enforce reliability standards in particular regions of the country by entering into delegation agreements with regional entities. In addition, the regional entities have the ability to formulate additional reliability standards in their respective regions, which are required to supplement and be more stringent than the NERC reliability standards. The SERC Reliability Corporation (SERC) and the Florida Reliability Coordinating Council are the regional entities for PEC and PEF, respectively.

PEC and PEF are currently subject to certain reliability standards as registered users, owners and operators of the bulk power electric system. We expect existing reliability standards to migrate to more definitive and enforceable requirements over time and additional NERC and regional reliability standards to be approved by the FERC in coming years requiring us to take additional steps to remain compliant. The financial impact of mandatory compliance cannot currently be determined. Failure to comply with the reliability standards could result in the imposition of fines and civil penalties. If we are unable to meet the reliability standards for the bulk power electric system in the future, it could have a material adverse effect on our financial condition, results of operations and liquidity.

PEC and PEF have self-reported to the SERC and Florida Reliability Coordinating Council noncompliances and violations with the voluntary and mandatory standards from time to time. The noncompliances and violations have led to the development and implementation of mitigation plans at the Utilities. None of the noncompliances or violations noted above nor the costs of executing the mitigation plans are expected to have a significant impact on our overall compliance efforts, results of operations or liquidity.

Nuclear

The Utilities' nuclear generating units are regulated by the NRC. The NRC is responsible for granting licenses for the construction, operation and retirement of nuclear power plants and subjects these plants to continuing review and regulation. In the event of noncompliance, the NRC has the authority to impose fines, set license conditions, shut down a nuclear unit, or take some combination of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. See "Nuclear Matters."

Environmental

The Utilities are also subject to regulation by the EPA. See "Environmental."

STATE REGULATION

PEC is subject to regulation in North Carolina by the NCUC, and in South Carolina by the SCPSC. PEF is subject to regulation in Florida by the FPSC. The Utilities are regulated by their respective regulatory bodies with respect to, among other things, rates and service for electricity sold at retail; retail cost recovery of unusual or unexpected expenses, such as severe storm costs; and issuances of securities. The underlying concept of utility ratemaking is to set rates at a level that allows the utility to collect revenues equal to its cost of providing service plus earn a reasonable rate of return on its invested capital, including equity.

Retail Rate Matters

Each of the Utilities' state utility commissions authorizes retail "base rates" that are designed to provide the respective utility with the opportunity to earn a reasonable rate of return on its "rate base," or net investment in utility plant. These rates are intended to cover all reasonable and prudent expenses of constructing, operating and maintaining the utility system, except those covered by specific cost-recovery clauses.

In PEC's most recent rate cases in 1988, the NCUC and the SCPSC each authorized a ROE of 12.75 percent.

In PEF's most recent rate case settlement agreement approved by the FPSC in 2010, the FPSC authorized PEF the opportunity to earn a ROE of up to 11.5 percent.

On September 14, 2010, the FPSC approved a reduction to PEF's AFUDC rate, from 8.848 percent to 7.44 percent, based on PEF's updated authorized ROE. This new rate will be used for all purposes except for nuclear recoveries with original need petitions submitted on or before December 31, 2010, as permitted by FPSC regulations.

Retail Cost-Recovery Clauses

Each of the Utilities' state utility commissions allows recovery of certain costs through various cost-recovery clauses, to the extent the respective commission determines in an annual hearing that such costs, including any past over- or under-recovered costs, are prudent. The clauses are in addition to the Utilities' approved base rates. The Utilities generally do not earn a return on the recovery of eligible operating expenses under such clauses; however, in certain jurisdictions, the Utilities may earn interest on under-recovered costs. Additionally, the commissions may authorize a return for specified investments for energy efficiency and conservation, capacity costs, environmental compliance and utility plant. See MD&A – "Regulatory Matters and Recovery of Costs" for additional discussion regarding cost-recovery clauses.

Costs recovered by the Utilities through cost-recovery clauses, by retail jurisdiction, were as follows:

- *North Carolina Retail* – fuel costs, the fuel and other portions of purchased power (capacity costs for purchases from dispatchable QFs are also recoverable), costs of new DSM and EE programs, costs of commodities such as ammonia and limestone used in emissions control technologies (Reagents), and eligible renewable energy costs;

- *South Carolina Retail* – fuel costs, certain purchased power costs, costs of Reagents, sulfur dioxide (SO_2) and nitrogen oxides (NOx) emission allowance expenses, and costs of new DSM and EE programs; and

- *Florida Retail* – fuel costs, purchased power costs, capacity costs, qualified nuclear costs, energy conservation expense and specified environmental costs, including Clean Air Interstate Rule (CAIR) compliance costs, and SO_2 and NOx emission allowance expenses.

Fuel, fuel-related costs and certain purchased power costs are eligible for recovery by the Utilities. The Utilities use coal, oil, hydroelectric (PEC only), natural gas and nuclear power to generate electricity, thereby maintaining a diverse fuel mix that helps mitigate the impact of cost increases in any one fuel. Due to the associated regulatory treatment and the method allowed for recovery, changes in fuel costs from year to year have no material impact on operating results of the Utilities, unless a commission finds a portion of such costs to have been imprudent. However, delays between the expenditure for fuel costs and recovery from ratepayers can adversely impact the timing of cash flow of the Utilities. PEF is obligated to file for a midcourse recovery between annual fuel hearings in the event its estimated over- or under-recovery of fuel costs meets or exceeds a threshold of 10 percent of estimated total retail fuel revenues and, accordingly, has the ability to mitigate the cash flow impacts due to the timing of recovery of fuel and purchased power costs.

Renewable Energy and Energy-Efficiency Standards

PEC is allowed to recover the costs of DSM and EE programs in North Carolina and South Carolina through an annual DSM and EE clause in each jurisdiction. PEC is allowed to capitalize DSM and EE costs intended to produce future benefits. In addition, the NCUC and the SCPSC have approved other forms of financial incentives for DSM and EE programs, including the recovery of net lost revenues and a performance incentive. DSM programs include, but are not limited to, any program or initiative that shifts the timing of electricity use from peak to nonpeak periods and includes load management, electricity system and operating controls, direct load control, interruptible load and electric system equipment and operating controls. EE programs include any equipment, physical or program change implemented after January 1, 2007, that results in less energy used to perform the same function. PEC has implemented a series of DSM and EE programs and will continue to pursue additional programs, which must be approved by the respective utility commissions. We cannot predict the outcome of DSM and EE filings currently pending approval or whether the implemented programs will produce the expected operational and economic results.

PEC is subject to renewable energy standards at the state level in North Carolina. North Carolina's Renewable Energy and Energy Efficiency Portfolio Standard (NC REPS) establishes minimum standards for the use of energy

from specified renewable energy resources or implementation of energy-efficiency measures by the state's electric utilities beginning with a 3 percent requirement in 2012 and increasing to 12.5 percent in 2021 for regulated public utilities, including PEC. The premium to be paid by electric utilities to comply with the requirements above the cost they would have otherwise incurred to meet consumer demand is to be recovered through an annual clause. The annual amount that can be recovered through the NC REPS clause is capped and once a utility has expended monies equal to the cap, the utility is deemed to have met its obligations, regardless of the actual renewables generated or purchased. The NCUC has the authority to modify or alter the NC REPS requirements if the NCUC determines it is in the public interest to do so.

Florida energy law enacted in 2008 includes provisions for development of a renewable portfolio standard for Florida utilities. The FPSC provided a draft Florida renewable portfolio standard rule with a goal of 20 percent renewable energy production by 2020 to the Florida legislature in February 2009, but the legislature has not taken action on the draft rule. We cannot predict the outcome of this matter. Until the rulemaking processes are completed, we cannot predict the costs of complying with the law, but PEF would be able to recover its reasonable and prudent compliance costs.

On December 30, 2009, the FPSC ordered PEF to adopt DSM goals based on enhanced measures, which will result in significantly higher conservation goals. As subsequently revised by the FPSC in 2010, PEF's aggregate conservation goals over the next 10 years are: 1,134 Summer MW, 1,058 Winter MW, and 3,205 gigawatt-hours (GWh). PEF filed a revised proposed DSM plan on November 29, 2010, which would result in 1,540 GWh of energy savings from 2011-2019, seven times more than PEF's historic goals. We cannot predict the outcome of this matter.

See Note 7 for further discussion of regulatory matters.

NUCLEAR MATTERS

GENERAL

The nuclear power industry faces uncertainties with respect to the cost and long-term availability of disposal sites for spent nuclear fuel and other radioactive waste, compliance with changing regulatory requirements, capital outlays for modifications and new plant construction, the technological and financial aspects of decommissioning plants at the end of their licensed lives and requirements relating to nuclear insurance. Nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs, uprates and certain other modifications.

PEC owns and operates four nuclear generating units: Brunswick Nuclear Plant (Brunswick) Unit No. 1 and Unit No. 2, Harris, and Robinson Nuclear Plant (Robinson). The NRC has renewed the operating licenses for all of PEC's nuclear plants. The renewed operating licenses for Brunswick No. 1 and No. 2, Harris and Robinson expire in September 2036, December 2034, October 2046 and July 2030, respectively.

PEF owns and operates one nuclear generating unit, CR3. The NRC operating license for CR3 currently expires in December 2016. On March 9, 2009, the NRC docketed, or accepted for review, PEF's application for a 20-year renewal on the operating license for CR3, which, if approved, would extend the operating license through 2036, the current useful life used by the FPSC in base rates. The license renewal application for CR3 is currently under review by the NRC with a decision expected in 2011.

Over time, PEC and PEF have made various modifications to their nuclear facilities to increase the energy output. During CR3's fueling and maintenance outage that began in September 2009, PEF commenced a project to replace CR3's steam generators. During preparations to replace the steam generators, we discovered a delamination within the concrete of the outer wall of the containment structure. After a comprehensive analysis, we have determined that the concrete delamination at CR3 was caused by redistribution of stresses in the containment wall that occurred when we created an opening to accommodate the replacement of the unit's steam generators. We expect to complete repairs in March, and return the unit to service following successful completion of post-repair testing and start-up activities in April 2011. Nuclear safety remains our top priority, and our plans and actions will continue to reflect that commitment. A number of factors affect the return to service date, including regulatory reviews by the NRC and

other agencies, emergent work, final engineering designs, testing, weather and other developments. PEF maintains insurance coverage against incremental costs of replacement power resulting from prolonged accidental outages as well as accidental property damage. PEF's insurer has confirmed that the CR3 delamination event is a covered accident. PEF is working with its insurer for recovery of applicable repair costs and replacement power. See Note 7C.

The NRC periodically issues bulletins and orders addressing industry issues of interest or concern that necessitate a response from the industry. It is our intent to comply with and to complete required responses in a timely and accurate manner. Any potential impact to company operations will vary and will be dependent upon the nature of the requirement(s).

POTENTIAL NEW CONSTRUCTION

While we have not made a final determination on new nuclear construction, we continue to take steps to keep open the option of building one or more plants. During 2008, PEC and PEF filed COL applications to potentially construct new nuclear plants in North Carolina and Florida. The NRC estimates that it will take approximately three to four years to review and process the COL applications. We have focused on PEF's potential construction at Levy given the need for more fuel diversity in Florida and anticipated federal and state policies to reduce GHG emissions as well as existing state legislative policy that is supportive of nuclear projects.

LEVY

In 2006, we announced that PEF selected a greenfield site at Levy to evaluate for possible future nuclear expansion. We selected the Westinghouse Electric AP1000 reactor design as the technology upon which to base PEF's application submission. In 2007, PEF completed the purchase of approximately 5,000 acres for Levy and associated transmission needs.

In 2008, the FPSC issued a final order granting PEF's petition for a Determination of Need for Levy. In 2009, the Power Plant Siting Board, comprised of the governor and the Cabinet, issued the Levy site certification that addresses permitting, land use and zoning, and property interests and replaces state and local permits. Certification grants approval for the location of the power plant and its associated facilities such as roadways and electrical transmission lines carrying power to the electrical grid, among others. Certification does not include licenses required by the federal government.

On July 30, 2008, PEF filed its COL application with the NRC for two reactors, which was docketed, or accepted for review, by the NRC on October 6, 2008. Docketing the application does not preclude additional requests for information as the review proceeds, nor does it indicate whether the NRC will issue the license. On February 24, 2009, PEF received the NRC's schedule for review and approval of the COL. One joint petition to intervene in the licensing proceeding was filed with the NRC within the 60-day notice period by the Green Party of Florida, the Nuclear Information and Resource Service and the Ecology Party of Florida. On April 20-21, 2009, the Atomic Safety Licensing Board (ASLB) heard oral arguments on whether any of the joint interveners' proposed contentions will be admitted in the Levy COL proceeding. On July 8, 2009, the ASLB issued a decision accepting three of the 12 contentions submitted. The admitted contentions involved questions about the potential safety and environmental impact of storage of low-level radioactive waste, the potential impacts of plant construction and operation on the aquifer and surrounding waters and the potential impact of salt water drift from cooling tower operation. In April 2010, the ASLB dismissed the contention regarding the safety of storage of low-level radioactive waste; however, interveners have resubmitted their contention regarding the potential safety of storage of low-level waste, which is being considered by the ASLB. PEF's appeal of the ASLB's 2009 decision was denied and a hearing on the remaining contentions will be conducted in 2012. Other COL applicants have received similar petitions raising similar potential contentions. We cannot predict the outcome of this matter.

PEF also completed and submitted a Limited Work Authorization request for Levy concurrent with the COL application. PEF's initial schedule anticipated performing certain site work pursuant to the Limited Work Authorization prior to COL receipt. However, in 2009, the NRC Staff determined that certain schedule-critical work that PEF had proposed to perform within the scope of the Limited Work Authorization will not be authorized until the NRC issues the COL. Consequently, excavation and foundation preparation work will be shifted until after COL

issuance. This factor alone resulted in a minimum 20-month schedule shift later than the projected in-service dates for Units No. 1 and No. 2 of June 2016 and June 2017, respectively, included in the petition for a Determination of Need. Subsequent changes in regulatory and economic conditions have resulted in additional schedule shifts. These conditions include the permitting and licensing process, national and state economic conditions, recent FPSC DSM goals and the resulting impact on ratepayers, and other FPSC decisions. Uncertainty regarding PEF's access to capital on reasonable terms, its ability to secure joint owners and increasing uncertainty surrounding carbon regulation and its costs could be other factors to affect the Levy schedule.

As disclosed in PEF's 2010 nuclear cost-recovery filing, the schedule shifts will reduce the near-term capital expenditures for the project and also reduce the near-term impact on customer rates (See Note 7C). PEF will postpone major construction activities on the project until after the NRC issues the COL, which is expected to be in 2013 if the current licensing schedule remains on track. The schedule shifts will also allow more time for certainty around federal climate change policy. We believe that continuing, although at a slower pace than initially anticipated, is a reasonable and prudent course at this early stage of the project. Taking into account cost, potential carbon regulation, fossil fuel price volatility and the benefits of fuel diversification, we consider Levy to be PEF's preferred baseload generation option. Along with the FPSC's annual prudence reviews, we will continue to evaluate the project on an ongoing basis based on certain criteria, including, but not limited to, public, regulatory and political support; adequate financial cost-recovery mechanisms; adequate levels of joint owner participation; customer rate impacts; project feasibility, including comparison to other generation options, DSM and EE programs; and availability and terms of capital financing. If the licensing schedule remains on track and if the decision to build is made, the first of the two proposed units could be in service in 2021. The second unit could be in service 18 months later.

PEF signed the EPC agreement on December 31, 2008, with Westinghouse Electric Company LLC and Stone & Webster, Inc. for two Westinghouse AP1000 nuclear units to be constructed at Levy. More than half of the approximate $7.650 billion contract price is fixed or firm with agreed upon escalation factors. The EPC agreement includes various incentives, warranties, performance guarantees, liquidated damage provisions and parent guarantees designed to incent the contractor to perform efficiently. For termination without cause, the EPC agreement contains exit provisions with termination fees, which may be significant, that vary based on the termination circumstances. We executed an amendment to the EPC agreement in 2010 due to the schedule shifts previously discussed. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment for the Levy nuclear project, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items and PEF has been in suspension negotiations with the selected equipment vendors, which we anticipate concluding by the end of the first quarter of 2011. In its 2010 nuclear cost-recovery filing, approved by the FPSC on October 26, 2010, PEF included for rate-making purposes a point estimate of potential Levy disposition fees and charges of $50 million, subject to true-up. However, the amount of disposition fees and charges, if any, cannot be determined until suspension negotiations are completed. We cannot predict the outcome of this matter.

The total escalated cost for the two generating units was estimated in PEF's petition for the Determination of Need for Levy to be approximately $14 billion. This total cost estimate included land, plant components, financing costs, construction, labor, regulatory fees and the initial core for the two units. An additional $3 billion was estimated for the necessary transmission equipment and approximately 200 miles of transmission lines associated with the project. PEF's 2010 nuclear cost-recovery filing included an updated analysis that demonstrated continued feasibility of the Levy project with PEF's current estimated range of total escalated cost, including transmission, of $17.2 billion to $22.5 billion. The filed estimated cost range primarily reflects cost escalation resulting from the schedule shifts. Many factors will affect the total cost of the project and once PEF receives the COL, it will further refine the project timeline and budget. As previously discussed, we will continue to evaluate the Levy project on an ongoing basis.

Florida regulations allow investor-owned utilities such as PEF to recover the retail portion of prudently incurred site selection costs, preconstruction costs and the carrying cost on construction cost balances of a nuclear power plant prior to commercial operation. The costs are recovered on an annual basis through the Capacity Cost-Recovery

Clause (CCRC). Such amounts will not be included in a utility's rate base when the plant is placed in commercial operation. The nuclear cost-recovery rule also has a provision to recover costs should the project be abandoned after the utility receives a final order granting a Determination of Need. These costs include any unrecovered retail portion of construction work in progress at the time of abandonment and any other prudent and reasonable exit costs. In addition, the rule requires the FPSC to conduct an annual prudence review of the reasonableness and prudence of all such costs, including construction costs, and such determination shall not be subject to later review except upon a finding of fraud, intentional misrepresentation or the intentional withholding of key information by the utility (See Note 7C).

HARRIS

In 2006, we announced that PEC selected a site at Harris to evaluate for possible future nuclear expansion. We selected the Westinghouse Electric AP1000 reactor design as the technology upon which to base PEC's application submission. On February 19, 2008, PEC filed its COL application with the NRC for two additional reactors at Harris, which the NRC docketed on April 17, 2008. No petitions to intervene have been admitted in the Harris COL application. If we receive approval from the NRC and applicable state agencies, and if the decision to build is made, a new plant would not be online until the middle of the next decade.

PEC's jurisdictions also have laws regarding nuclear baseload generation. South Carolina law includes provisions for cost-recovery mechanisms associated with nuclear baseload generation. North Carolina law authorizes the NCUC to allow annual prudence reviews of baseload generating plant construction costs and inclusion of construction work in progress in rate base with corresponding rate adjustment in a general rate case while a baseload generating plant is under construction.

SECURITY

The NRC issues orders with regard to security at nuclear plants in response to new or emerging threats. The most recent orders include additional restrictions on nuclear plant access, increased security measures at nuclear facilities and closer coordination with our partners in intelligence, military, law enforcement and emergency response at the federal, state and local levels. We are working to complete the requirements as outlined in the orders by November 30, 2011. As the NRC, other governmental entities and the industry continue to consider security issues, it is possible that more extensive security plans could be required.

SPENT FUEL AND OTHER HIGH-LEVEL RADIOACTIVE WASTE

The Nuclear Waste Policy Act of 1982 (as amended) provides the framework for development by the federal government of interim storage and permanent disposal facilities for high-level radioactive waste materials. The Nuclear Waste Policy Act of 1982 promotes increased usage of interim storage of spent nuclear fuel at existing nuclear plants. We will continue to maximize the use of spent fuel storage capability within our own facilities for as long as feasible.

Under federal law, the DOE is responsible for the selection and construction of a facility for the permanent disposal of spent nuclear fuel and high-level radioactive waste. We have contracts with the DOE for the future storage and disposal of our spent nuclear fuel. Delays have occurred in the DOE's proposed permanent repository to be located at Yucca Mountain, Nev. See Note 22C for information about the complaint filed by the Utilities in the United States Court of Federal Claims against the DOE for its failure to fulfill its contractual obligation to receive spent fuel from nuclear plants. Failure to open the Yucca Mountain or another facility would leave the DOE open to further claims by utilities.

Until the DOE begins to accept the spent nuclear fuel, the Utilities will continue to safely manage their spent nuclear fuel. With certain modifications and additional approvals by the NRC, including the installation and/or expansion of on-site dry cask storage facilities at Robinson, Brunswick and CR3, the Utilities' spent nuclear fuel storage facilities will be sufficient to provide storage space for spent fuel generated by their respective systems through the expiration of the operating licenses, including any license renewals, for their nuclear generating units. Harris has sufficient storage capacity in its spent fuel pools through the expiration of its renewed operating license.

DECOMMISSIONING

In the Utilities' retail jurisdictions, provisions for nuclear decommissioning costs are approved by the respective state utility commissions and are based on site-specific estimates that include the costs for removal of all radioactive and other structures at the site. In the wholesale jurisdiction, the provisions for nuclear decommissioning costs are approved by the FERC. A condition of the operating license for each unit requires an approved plan for decontamination and decommissioning. See Note 4C for a discussion of the Utilities' nuclear decommissioning costs.

ENVIRONMENTAL

GENERAL

We are subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. We believe that we are in substantial compliance with those environmental regulations currently applicable to our business and operations and believe we have all necessary permits to conduct such operations. Environmental laws and regulations frequently change and the ultimate costs of compliance cannot be precisely estimated. The current estimated capital costs associated with compliance with pollution control laws and regulations that we expect to incur are included within MD&A – "Liquidity and Capital Resources – Capital Expenditures."

The foundation for Progress Energy's environmental leadership strategy begins with its environmental management system. Under the environmental management system, the Environmental, Health and Safety Performance Council, which is comprised of senior executives, provides overall strategic direction, guides corporate environmental policy, monitors environmental regulatory compliance and approves targets that measure, track and drive performance. Our environmental activities are reported to our board of directors' Operations and Nuclear Oversight Committee. The committee is responsible for climate change oversight and strategy and, therefore, assesses our plans and activities and makes recommendations to the full board regarding these matters. We have established a process to identify environmental risks, take prompt action to address these issues and ensure appropriate senior management oversight on a routine basis.

HAZARDOUS AND SOLID WASTE MANAGEMENT

The provisions of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), authorize the EPA to require the cleanup of hazardous waste sites. This statute imposes retroactive joint and several liability. Some states, including North Carolina, South Carolina and Florida, have similar types of statutes. We are periodically notified by regulators, including the EPA and various state agencies, of our involvement or potential involvement in sites that may require investigation and/or remediation. There are presently several sites with respect to which we have been notified of our potential liability by the EPA, the state of North Carolina, the state of Florida or potentially responsible parties (PRP) groups. Various organic materials associated with the production of manufactured gas, generally referred to as coal tar, are regulated under federal and state laws. PEC and PEF are each PRPs at several manufactured gas plant (MGP) sites. We are also currently in the process of assessing potential costs and exposures at other sites. These costs are eligible for regulatory recovery through either base rates or cost-recovery clauses (See Notes 7 and 21). Both PEC and PEF evaluate potential claims against other PRPs and insurance carriers and plan to submit claims for cost recovery where appropriate. The outcome of potential and pending claims cannot be predicted.

While we accrue for probable costs that can be reasonably estimated, based upon the current status of some sites, not all costs can be reasonably estimated or accrued and actual costs may materially exceed our accruals. Material costs in excess of our accruals could have an adverse impact on our financial condition and results of operations. Hazardous and solid waste management matters are discussed in detail in Note 21A.

GLOBAL CLIMATE CHANGE

Global climate change is one of the primary corporate environmental risks identified by our environmental management system. Our risks associated with climate change are discussed under Item 1A, "Risk Factors."

Growing state, federal and international attention to global climate change may result in the regulation of carbon dioxide (CO_2) and other GHGs. The EPA has announced a schedule for development of a new source performance standard for new and existing fossil fuel-fired electric utility units. Under the schedule, the EPA will propose the standard by July 2011 and issue the final rule by May 2012. The full impact of regulation under GHG initiatives and final legislation, if enacted, cannot be determined at this time; however, we anticipate that it could result in significant rate increases over time to recover the costs of compliance.

As previously discussed under "Recent Developments," we are preparing for a carbon-constrained future and are actively engaged in helping shape effective policies to address the issue. We are taking steps to address global climate change by changing the way we generate electricity through our balanced solution strategy of EE, alternative energy and a state-of-the-art power system as discussed in MD&A – "Other Matters – Energy Demand." We continuously evaluate new generation options to determine if they are cost effective for the Southeastern United States where our operations are located.

See Note 21 and MD&A – "Other Matters – Environmental Matters" for additional discussion of our environmental matters, including specific environmental issues, the status of the issues, accruals associated with issue resolutions and our associated exposures.

EMPLOYEES

At February 22, 2011, we employed approximately 11,000 full-time employees. Of this total, approximately 2,000 employees at PEF are represented by the International Brotherhood of Electrical Workers (IBEW). The three-year labor contract with the IBEW expires in December 2011. Contract negotiations are expected to begin in the fall of 2011. We cannot predict the outcome of the contract negotiations. We consider our relationship with employees, including those covered by collective bargaining agreements, to be good.

We have a noncontributory defined benefit retirement (pension) plan for substantially all full-time employees and an employee stock ownership plan among other employee benefits. We also provide contributory postretirement benefits, including certain health care and life insurance benefits, for substantially all retired employees.

At February 22, 2011, PEC and PEF employed approximately 5,500 and 4,000 full-time employees, respectively.

SEASONALITY AND THE IMPACT OF WEATHER

Seasonal differences in the weather affect demand for electricity. The Utilities experience higher demand during the summer and winter months. As a result, our overall operating results may fluctuate substantially on a seasonal basis.

Beyond the impact of seasonality, deviations from normal weather conditions can significantly affect our financial performance. Our residential and commercial customers are most impacted by weather. Industrial customers are less weather sensitive. We define normal weather conditions as the long-term average of actual historical weather conditions. The number of years used to calculate normal weather is determined by management and differs by jurisdiction.

We estimate the impact of weather on our earnings based on the number of customers, temperature variances from a normal condition and the amount of electricity the average residential, commercial and some governmental customers historically demonstrated to use per degree day. Our methodology used to estimate the impact of weather does not and cannot consider all variables that may impact customer response to weather conditions such as humidity and relative temperature changes. The precision of this estimate may also be impacted by applying long-term weather trends to shorter term periods.

Degree-day data are used to estimate the energy required to maintain comfortable indoor temperatures based on each day's average temperature. Heating-degree days measure the variation in the weather based on the extent to which the average daily temperature falls below a base temperature and cooling-degree days measure the variation in weather based on the extent to which the average daily temperature rises above the base temperature. Each degree of temperature below the base temperature counts as one heating-degree day and each degree of temperature above the base temperature counts as one cooling-degree day. PEC's base temperature for heating- and cooling-degree days is

65° Fahrenheit for all customer classes. PEF's base temperatures vary by customer class, ranging from 65° to 70° Fahrenheit for cooling-degree days and 55° to 65° Fahrenheit for heating-degree days.

PEC

GENERAL

PEC is a regulated public utility founded in North Carolina in 1908 and is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North and South Carolina. At December 31, 2010, PEC had a total summer generating capacity (including jointly owned capacity) of 12,554 MW. For additional information about PEC's generating plants, see "Electric – PEC" in Item 2, "Properties." PEC's system normally experiences its highest peak demands during the summer, and the all-time system peak of 12,656 megawatt-hours (MWh) was set on August 9, 2007.

PEC's service territory covers approximately 34,000 square miles, including a substantial portion of the coastal plain of North Carolina extending from the Piedmont to the Atlantic coast between the Pamlico River and the South Carolina border, the lower Piedmont section of North Carolina, an area in western North Carolina in and around the city of Asheville and an area in the northeastern portion of South Carolina. At December 31, 2010, PEC was providing electric services, retail and wholesale, to approximately 1.5 million customers. Major wholesale power sales customers include North Carolina Eastern Municipal Power Agency (Power Agency), North Carolina Electric Membership Corporation and Public Works Commission of the City of Fayetteville, North Carolina. Major industries in PEC's service area include chemicals, textiles, paper, food, metals, wood products, rubber and plastics and stone products. No single customer accounts for more than 10 percent of PEC's revenues.

PEC's net income available to parent was $600 million, $513 million and $531 million for the years ended December 31, 2010, 2009 and 2008, respectively. PEC's total assets were $14.899 billion and $13.502 billion at December 31, 2010 and 2009, respectively.

REVENUES

See "Electric Utility Regulated Operating Statistics – PEC" for information about energy sales and operating revenues.

FUEL AND PURCHASED POWER

SOURCES OF GENERATION

PEC's consumption of various types of fuel depends on several factors, the most important of which are the demand for electricity by PEC's customers, the availability of various generating units, the availability and cost of fuel and the requirements of federal and state regulatory agencies.

See "Electric Utility Regulated Operating Statistics – PEC" for generated and purchased energy supply by source and PEC's average fuel cost.

PEC's total system generation (including jointly owned capacity) by primary energy source, along with purchased power for the last three years is presented in the following table:

	2010	2009	2008
Coal	**47 %**	44 %	45 %
Nuclear	**38 %**	44 %	43 %
Oil/Gas	**8 %**	6 %	4 %
Purchased Power	**6 %**	5 %	7 %
Hydro	**1 %**	1 %	1 %

PEC is generally permitted to pass the cost of fuel and certain purchased power costs to its customers through fuel cost-recovery clauses. Because these costs are primarily recovered through recovery clauses established by regulators, fluctuations do not materially affect net income. The future prices for and availability of various fuels discussed in this report cannot be predicted with complete certainty. See "Commodity Price Risk" under Item 7A,

"Quantitative and Qualitative Disclosures About Market Risk" and Item 1A, "Risk Factors." However, PEC believes that its fuel supply contracts, as described below and in Note 22A, will be adequate to meet its fuel supply needs.

Coal

PEC anticipates a burn requirement of approximately 11.2 million tons of coal in 2011. Approximately 90 percent of the coal is expected to be supplied from Central Appalachian, 5 percent from Northern Appalachian, and 5 percent from Illinois Basin coal sources and will be primarily delivered by rail.

For 2011, PEC has short-term, intermediate and long-term agreements from various sources for approximately 100 percent of its estimated burn requirements of its coal units. The contracts have expiration dates ranging from one to ten years. PEC will continue to sign contracts of various lengths, terms and quality to meet its expected burn requirements.

As discussed within Note 7B, PEC has announced that it intends to retire certain coal-fired units representing approximately 30 percent of its coal-fired power generation fleet no later than the end of 2014 as part of a major coal-to-gas modernization strategy. See "Oil and Gas" for planned gas facilities.

Nuclear

Nuclear fuel is processed through four distinct stages: uranium ore mining and milling, conversion, enrichment, and fabrication. PEC has sufficient contracts for each stage to meet its nuclear fuel requirement needs for the foreseeable future. PEC's nuclear fuel contracts typically have terms ranging from three to fifteen years. For a discussion of PEC's plans with respect to spent fuel storage, see "Nuclear Matters."

Oil and Gas

The NCUC has granted PEC permission to construct three new generating facilities: an approximately 600-MW combined cycle dual-fuel facility at its Richmond County, N.C., generating facility, an approximately 950-MW combined cycle natural gas-fueled facility at a site in Wayne County, N.C., and an approximately 620-MW natural gas-fueled generating facility at its Sutton coal plant site in New Hanover County, N.C. The facilities are expected to be placed in service in June 2011, January 2013 and December 2013, respectively.

Oil and natural gas supply for PEC's generation fleet is purchased under term and spot contracts from various suppliers. PEC uses derivative instruments to limit its exposure to price fluctuations for natural gas. PEC has dual-fuel generating facilities that can operate with both oil and gas. The cost of PEC's oil and gas is either at a fixed price or determined by market prices as reported in certain industry publications. PEC believes that it has access to an adequate supply of oil and gas for the reasonably foreseeable future. PEC's natural gas transportation for its gas generation is purchased under term firm transportation contracts with interstate and intrastate pipelines. PEC may also purchase additional shorter-term transportation for its load requirements during peak periods.

Purchased Power

PEC purchased approximately 4.0 million MWh, 3.3 million MWh and 4.7 million MWh of its system energy requirements during 2010, 2009 and 2008, respectively, under purchase obligations and operating leases and had 1,332 MW of firm purchased capacity under contract during 2010. PEC may need to acquire additional purchased power capacity in the future to accommodate a portion of its system load needs. PEC believes that it can obtain adequate purchased power to meet these needs. However, during periods of high demand, the price and availability of purchased power may be significantly affected.

Hydroelectric

PEC has three hydroelectric generating plants licensed by the FERC: Walters, Tillery and Blewett. PEC also owns the Marshall Plant, which has a license exemption. The total summer generating capacity for all four units is 225 MW. PEC submitted an application to relicense its Tillery and Blewett Plants for 50 years and anticipates a decision by the FERC in 2011. The Walters Plant license will expire in 2034.

PEF

GENERAL

PEF is a regulated public utility founded in Florida in 1899 and is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. At December 31, 2010, PEF had a total summer generating capacity (including jointly owned capacity) of 10,025 MW. For additional information about PEF's generating plants, see "Electric – PEF" in Item 2, "Properties." PEF's system normally experiences its highest peak demands during the winter, and the all-time system peak of 10,822 MWh was set on January 11, 2010.

PEF's service territory covers approximately 20,000 square miles in west central Florida, and includes the densely populated areas around Orlando, as well as the cities of St. Petersburg and Clearwater. PEF is interconnected with 22 municipal and 9 rural electric cooperative systems. At December 31, 2010, PEF was providing electric services, retail and wholesale, to approximately 1.6 million customers. Major wholesale power sales customers include Seminole Electric Cooperative, Inc., the city of Gainesville, Reedy Creek Improvement District, Florida Municipal Power Agency and the city of Winter Park. Major industries in PEF's territory include phosphate rock mining and processing, electronics design and manufacturing, and citrus and other food processing. Other major commercial activities are tourism, health care, construction and agriculture. No single customer accounts for more than 10 percent of PEF's revenues.

PEF's net income available to parent was $451 million, $460 million and $383 million for the years ended December 31, 2010, 2009 and 2008, respectively. PEF's total assets were $14.056 billion and $13.100 billion at December 31, 2010 and 2009, respectively.

REVENUES

See "Electric Utility Regulated Operating Statistics – PEF" for information about energy sales and operating revenues.

FUEL AND PURCHASED POWER

SOURCES OF GENERATION

PEF's consumption of various types of fuel depends on several factors, the most important of which are the demand for electricity by PEF's customers, the availability of various generating units, the availability and cost of fuel and the requirements of federal and state regulatory agencies.

See "Electric Utility Regulated Operating Statistics – PEF" for PEF's energy supply by source and energy fuel cost.

PEF's total system generation (including jointly owned capacity) by primary energy source, along with purchased power for the last three years is presented in the following table:

	2010	2009	2008
Oil/Gas	**54 %**	44 %	34 %
Coal	**26 %**	25 %	30 %
Purchased Power	**20 %**	20 %	21 %
Nuclear[(a)]	**- %**	11 %	15 %

[(a)] Due to the extended outage at CR3 nuclear generating unit that began in September 2009, no nuclear power was generated in 2010.

PEF is generally permitted to pass the cost of fuel and certain purchased power to its customers through fuel cost-recovery clauses. Because these costs are primarily recovered through recovery clauses established by regulators, fluctuations do not materially affect net income. The future prices for and availability of various fuels discussed in this report cannot be predicted with complete certainty. See "Commodity Price Risk" under Item 7A, "Quantitative

and Qualitative Disclosures About Market Risk" and Item 1A, "Risk Factors." However, PEF believes that its fuel supply contracts, as described below and in Note 22A, will be adequate to meet its fuel supply needs.

Oil and Gas

Oil and natural gas supply for PEF's generation fleet is purchased under term and spot contracts from various suppliers. PEF uses derivative instruments to limit its exposure to price fluctuations for natural gas and oil. PEF has dual-fuel generating facilities that can operate with both oil and gas. The cost of PEF's oil and gas is either at a fixed price or determined by market prices as reported in certain industry publications. PEF believes that it has access to an adequate supply of oil and gas for the reasonably foreseeable future. PEF's natural gas transportation for its gas generation is purchased under term firm transportation contracts with interstate pipelines. PEF may also purchase additional shorter-term transportation for its load requirements during peak periods.

Coal

PEF anticipates a burn requirement of approximately 4.5 million tons of coal in 2011. Approximately 75 percent of the coal is expected to be supplied from the Illinois Basin, 20 percent from Central Appalachian and 5 percent from Northern Appalachian coal sources. Approximately 20 percent of the coal is expected to be delivered by rail and the remainder by water.

For 2011, PEF has intermediate and long-term contracts from various sources for approximately 90 percent of its estimated burn requirements of its coal units. These contracts have price adjustment provisions and have expiration dates ranging from one to ten years.

Purchased Power

PEF purchased approximately 9.5 million MWh, 8.7 million MWh and 10.2 million MWh of its system energy requirements during 2010, 2009 and 2008, respectively, under purchase obligations, operating leases and capital leases and had 3,275 MW of firm purchased capacity under contract during 2010. These agreements include approximately 682 MW of firm capacity under contract with certain QFs. PEF may need to acquire additional purchased power capacity in the future to accommodate a portion of its system load needs. PEF believes that it can obtain adequate purchased power to meet these needs. However, during periods of high demand, the price and availability of purchased power may be significantly affected.

Nuclear

Nuclear fuel is processed through four distinct stages: uranium ore mining and milling, conversion, enrichment, and fabrication. PEF has sufficient contracts for each stage to meet its nuclear fuel requirement needs for the foreseeable future. PEF's nuclear fuel contracts typically have terms ranging from three to fifteen years. For a discussion of PEF's plans with respect to spent fuel storage, see "Nuclear Matters."

CORPORATE AND OTHER

Corporate and Other primarily includes the operations of the Parent and PESC. The Parent's unallocated interest expense is included in Corporate and Other. PESC provides centralized administrative, management and support services to our subsidiaries, which generates essentially all of the segment's revenues. See Note 18 for additional information about PESC services provided and costs allocated to subsidiaries. This segment also includes miscellaneous nonregulated business areas that do not separately meet the quantitative disclosure requirements as a reportable business segment.

The Corporate and Other segment's net loss attributable to controlling interests was $195 million, $216 million and $84 million for the years ended December 31, 2010, 2009 and 2008, respectively. Corporate and Other segment total assets were $21.110 billion and $20.538 billion at December 31, 2010 and 2009, respectively, which were primarily comprised of the Parent's investments in subsidiaries.

ELECTRIC UTILITY REGULATED OPERATING STATISTICS – PROGRESS ENERGY

	Years Ended December 31				
	2010	2009	2008	2007	2006
Energy supply (millions of kWH)					
Generated					
Steam	**44,971**	40,420	46,771	51,163	48,770
Nuclear	**21,624**	29,412	30,565	30,336	30,602
Combustion turbines/combined cycle	**27,856**	21,254	15,557	13,319	11,857
Hydro	**608**	651	429	415	594
Purchased	**13,473**	11,996	14,956	14,994	14,664
Total energy supply (company share)[a]	**108,532**	103,733	108,278	110,227	106,487
Jointly owned share[a] [b]	**5,228**	5,500	5,780	5,351	5,224
Total system energy supply	**113,760**	109,233	114,058	115,578	111,711
Average fuel costs (per million Btu)					
Oil	$ **13.15**	$ 11.78	$ 9.60	$ 8.70	$ 7.14
Gas	$ **6.92**	$ 8.36	$ 10.14	$ 8.67	$ 7.90
Coal	$ **3.70**	$ 3.85	$ 3.50	$ 3.06	$ 2.99
Nuclear	$ **0.59**	$ 0.53	$ 0.46	$ 0.45	$ 0.44
Weighted-average	$ **3.90**	$ 3.79	$ 3.66	$ 3.17	$ 2.86
Energy sales (millions of kWH)					
Retail					
Residential	**39,632**	36,516	36,328	37,112	36,280
Commercial	**26,080**	25,523	26,080	26,215	25,333
Industrial	**13,884**	13,653	15,174	15,721	16,553
Other retail	**4,860**	4,753	4,768	4,805	4,695
Unbilled	**630**	491	(107)	(61)	(272)
Wholesale	**17,856**	17,801	21,063	21,333	19,018
Total energy sales	**102,942**	98,737	103,306	105,125	101,607
Company uses and losses	**5,590**	4,996	4,972	5,102	4,880
Total energy requirements	**108,532**	103,733	108,278	110,227	106,487
Operating revenues (in millions)					
Retail					
Billed	$ **8,714**	$ 8,449	$ 7,585	$ 7,672	$ 7,429
Unbilled	**28**	14	7	1	(6)
Wholesale	**1,080**	1,114	1,288	1,191	1,039
Miscellaneous revenue	**354**	301	280	270	263
Total operating revenues of the Utilities	$ **10,176**	$ 9,878	$ 9,160	$ 9,134	$ 8,725

[a] The extended outage at PEF's CR3 nuclear generating unit that began in September 2009 impacted the energy supply mix in 2010 and 2009.

[b] Amounts represent joint owners' share of the energy supplied from the six generating facilities that are jointly owned.

ELECTRIC UTILITY REGULATED OPERATING STATISTICS – PEC

	Years Ended December 31				
	2010	2009	2008	2007	2006
Energy supply (millions of kWH)					
Generated					
Steam	**30,528**	27,261	28,363	30,770	28,985
Nuclear	**21,624**	24,467	24,140	24,212	24,220
Combustion turbines/combined cycle	**5,429**	3,634	2,795	2,960	2,106
Hydro	**608**	651	429	415	594
Purchased	**3,985**	3,251	4,735	3,901	4,229
Total energy supply (company share)	**62,174**	59,264	60,462	62,258	60,134
Jointly owned share[(a)]	**5,228**	5,057	5,205	4,800	4,649
Total system energy supply	**67,402**	64,321	65,667	67,058	64,783
Average fuel costs (per million Btu)					
Oil	**$ 14.34**	$ 14.84	$ 16.05	$ 12.28	$ 11.04
Gas	**$ 6.59**	$ 8.17	$ 10.66	$ 9.19	$ 9.87
Coal	**$ 3.56**	$ 3.82	$ 3.39	$ 2.96	$ 2.90
Nuclear	**$ 0.59**	$ 0.53	$ 0.46	$ 0.44	$ 0.43
Weighted-average	**$ 2.69**	$ 2.60	$ 2.44	$ 2.21	$ 2.06
Energy sales (millions of kWH)					
Retail					
Residential	**19,108**	17,117	17,000	17,200	16,259
Commercial	**14,184**	13,639	13,941	14,032	13,358
Industrial	**10,665**	10,368	11,388	11,901	12,393
Other retail	**1,574**	1,497	1,466	1,438	1,419
Unbilled	**172**	360	(8)	(55)	(137)
Wholesale	**13,999**	13,966	14,329	15,309	14,584
Total energy sales	**59,702**	56,947	58,116	59,825	57,876
Company uses and losses	**2,472**	2,317	2,346	2,433	2,258
Total energy requirements	**62,174**	59,264	60,462	62,258	60,134
Operating revenues (in millions)					
Retail					
Billed	**$ 4,044**	$ 3,801	$ 3,582	$ 3,534	$ 3,268
Unbilled	**11**	5	8	-	(1)
Wholesale	**729**	707	737	754	720
Miscellaneous revenue	**138**	114	102	97	99
Total operating revenues	**$ 4,922**	$ 4,627	$ 4,429	$ 4,385	$ 4,086

[(a)] Amounts represent joint owners' share of the energy supplied from the four generating facilities that are jointly owned.

ELECTRIC UTILITY REGULATED OPERATING STATISTICS – PEF

	Years Ended December 31				
	2010	2009	2008	2007	2006
Energy supply (millions of kWH)					
Generated					
Steam	**14,443**	13,159	18,408	20,393	19,785
Nuclear	**-**	4,945	6,425	6,124	6,382
Combustion turbines/combined cycle	**22,427**	17,620	12,762	10,359	9,751
Purchased	**9,488**	8,745	10,221	11,093	10,435
Total energy supply (company share)[a]	**46,358**	44,469	47,816	47,969	46,353
Jointly owned share[a] [b]	**-**	443	575	551	575
Total system energy supply	**46,358**	44,912	48,391	48,520	46,928
Average fuel costs (per million Btu)					
Oil	**$ 12.96**	$ 11.43	$ 9.24	$ 8.54	$ 7.03
Gas	**$ 7.00**	$ 8.40	$ 10.03	$ 8.51	$ 7.41
Coal	**$ 4.09**	$ 4.25	$ 3.74	$ 3.28	$ 3.16
Nuclear	**$ -**	$ 0.52	$ 0.49	$ 0.48	$ 0.50
Weighted-average	**$ 6.14**	$ 5.88	$ 5.67	$ 4.85	$ 4.21
Energy sales (millions of kWH)					
Retail					
Residential	**20,524**	19,399	19,328	19,912	20,021
Commercial	**11,896**	11,884	12,139	12,183	11,975
Industrial	**3,219**	3,285	3,786	3,820	4,160
Other retail	**3,286**	3,256	3,302	3,367	3,276
Unbilled	**458**	131	(99)	(6)	(135)
Wholesale	**3,857**	3,835	6,734	6,024	4,434
Total energy sales	**43,240**	41,790	45,190	45,300	43,731
Company uses and losses	**3,118**	2,679	2,626	2,669	2,622
Total energy requirements	**46,358**	44,469	47,816	47,969	46,353
Operating revenues (in millions)					
Retail					
Billed	**$ 4,670**	$ 4,648	$ 4,003	$ 4,138	$ 4,161
Unbilled	**17**	9	(1)	1	(5)
Wholesale	**351**	407	551	437	319
Miscellaneous revenue	**216**	187	178	173	164
Total operating revenues	**$ 5,254**	$ 5,251	$ 4,731	$ 4,749	$ 4,639

[a] The extended outage at PEF's CR3 nuclear generating unit that began in September 2009 impacted the energy supply mix in 2010 and 2009.

[b] Amounts represent joint owners' share of the energy supplied from the two generating facilities that are jointly owned. Replacement power was supplied to the CR3 joint owners in 2010 from other generation sources or purchased power.

ITEM 1A. RISK FACTORS

Investing in the securities of the Progress Registrants involves risks, including the risks described below, that could affect the Progress Registrants and their businesses, as well as the energy industry in general. Most of the business information, as well as the financial and operational data contained in our risk factors, is updated periodically in the reports the Progress Registrants file with the SEC. Before purchasing securities of the Progress Registrants, you should carefully consider the following risks and the other information in this combined Annual Report, as well as the documents the Progress Registrants file with the SEC from time to time. Each of the risks described below could result in a decrease in the value of the securities of the Progress Registrants and your investment therein.

Solely with respect to this Item 1A, "Risk Factors," unless the context otherwise requires or the disclosure otherwise indicates, references to "we," "us" or "our" are to each of the individual Progress Registrants, and the matters discussed are generally applicable to each Progress Registrant.

We may be unable to obtain the approvals required to complete our merger with Duke Energy or, obtaining required governmental and regulatory approvals may require the combined company to comply with restrictions or conditions that may materially impact the anticipated benefits of the Merger.

On January 10, 2011, we announced the execution of a definitive merger agreement with Duke Energy. Before the Merger may be completed, shareholder approval must be obtained by both companies. In addition, various filings must be made with the NCUC, the SCPSC, the Kentucky Public Service Commission, the FERC, the NRC and various utility regulatory, antitrust and other regulatory authorities in the United States. These governmental authorities may impose conditions on the completion, or require changes to the terms, of the Merger, including restrictions or conditions on the business, operations, or financial performance of the combined company following consummation that may materially impact the anticipated benefits of the Merger. These conditions or changes could have the effect of delaying completion of the Merger or imposing additional costs on or limiting the revenues of the combined company following the Merger, which could have a material adverse effect on the financial results of the combined company and/or cause either party to abandon the Merger.

We are also subject to the risk that a required condition to the Merger may not be satisfied. Both companies are targeting to complete the Merger in 2011 but are subject to uncertainties related to the timing needed to consummate the Merger.

In the event that the Merger Agreement is terminated prior to the completion of the Merger, we could incur significant transaction costs that could materially impact our financial performance and results. Failure to complete the Merger could also negatively impact our stock price and our future business and financial results.

We will incur significant merger transaction costs, including legal, accounting, financial advisory, filing, printing and other costs relating to the Merger. If the Merger is not completed, depending upon the reasons for not completing the Merger, including whether we have received or entered into a competing takeover proposal, we may be required to pay Duke Energy a termination fee of $400 million. The occurrence of either of these events individually or in combination could have a material adverse affect on our financial results.

If completed, our merger with Duke Energy may not achieve the anticipated results and benefits.

We and Duke Energy entered into the Merger Agreement with the expectation that the Merger would result in various benefits, including, among other things, cost savings and operating efficiencies primarily relating to the regulated businesses. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether our businesses and the businesses of Duke Energy can be integrated in an efficient, effective and timely manner. As noted above, as a result of obtaining all necessary regulatory approvals, certain restrictions or conditions may be imposed on the combined company that materially impact or limit the benefits anticipated by us as a result of the Merger. The combined company is also subject to the risk that the expected cost savings and operational synergies may not be fully realized. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected liquidity provided by the combined company and diversion of management's time and energy and could have an adverse effect on the combined company's business, financial results and prospects.

We will be subject to business uncertainties and contractual restrictions while the merger with Duke Energy is pending that could adversely affect our financial results.

Uncertainty about the effect of the Merger on employees or suppliers may have an adverse effect on us. Although we intend to take steps designed to reduce any adverse effects, these uncertainties may impair our ability to attract, retain and motivate key personnel until the Merger is completed and for a period of time thereafter, and could cause suppliers and others that deal with us to seek to change existing business relationships.

Employee retention and recruitment may be particularly challenging prior to the completion of the Merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite our retention and recruiting efforts, key employees depart or fail to accept employment with us because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, our business operations and financial results could be adversely affected.

Merger- and integration-related issues will place a significant burden on management and internal resources. The diversion of management time on merger-related issues could affect our financial results.

In addition, the Merger Agreement restricts us, without Duke Energy's consent, from making certain acquisitions and taking other specified actions, including limiting our total capital spending, limiting the extent to which we can obtain financing through long-term debt and equity issuances or increasing the Parent's common stock dividend rate until the Merger occurs or the Merger Agreement terminates. These restrictions may prevent us from pursuing otherwise attractive business opportunities and making other changes to our business prior to consummation of the Merger or termination of the Merger Agreement. Unless the Merger Agreement is terminated earlier, we and Duke Energy will each have the right to terminate the Merger Agreement if the Merger has not been completed by January 8, 2012 (which date is subject to extension under certain circumstances).

We are subject to fluid and complex government regulations that may have a negative impact on our business, financial condition and results of operations.

We are subject to comprehensive regulation by multiple federal, state and local regulatory agencies, which significantly influences our operating environment and may affect our ability to recover costs from utility customers. We are required to comply with numerous laws and regulations and to obtain numerous permits, approvals, and certificates from the governmental agencies that regulate various aspects of our business, including customer rates, retail service territories, reliability of our transmission system, applicable renewable energy and energy-efficiency standards, environmental compliance, issuances of securities, asset acquisitions and sales, accounting policies and practices, and the operation of generating facilities. We believe the necessary permits, approvals and certificates have been obtained for our existing operations and that our business is conducted in accordance with applicable laws. Changes in laws and regulations as well as changes in federal administrative policy are ongoing and the ultimate costs of compliance cannot be precisely estimated. Such changes could have an adverse impact on our financial condition and results of operations, particularly if the costs of those changes are not fully recoverable from our ratepayers.

The rates that PEC and PEF may charge retail customers for electric power are subject to the authority of state regulators. Accordingly, our profit margins and ability to earn an adequate return on investment could be adversely affected if we do not control and prudently manage costs to the satisfaction of regulators, or if we do not obtain successful outcomes in our regulatory proceedings. Such regulatory decisions may be impacted by economic and public policy considerations within the respective jurisdictions.

The NCUC, the SCPSC and the FPSC each exercise regulatory authority for review and approval of the retail electric power rates charged within its respective state. The Utilities' state utility commissions approve base rates, which by law must give a utility a reasonable opportunity to recover its operating costs and return on invested capital. They also approve recovery through cost-recovery clauses of certain additional costs, known as "pass-through" costs, which vary by jurisdiction; examples include fuel costs, certain purchased power costs, qualified nuclear costs and specified environmental costs. The commissions can disagree with our request of appropriate base

rates, and can disallow either requested base rates or pass-through recoveries on the grounds that such costs were not reasonable and prudent.

The Utilities expect increased future expenditures in several key areas including, but not limited to, environmental compliance, new and existing generation, transmission and distribution facilities, renewable energy and energy-efficiency standards compliance (as applicable), DSM programs and fuel and other commodities. Such cost increases will be subject to scrutiny from regulators, policymakers and ratepayers. As referenced above, the commissions may disallow any costs that they find unreasonable and imprudent.

Our financial performance depends on the successful operation of electric generating facilities by the Utilities and their ability to deliver electricity to customers.

Operating our electric generating facilities and delivery systems involves many risks, including:

- operator error and breakdown or failure of equipment or processes, including repair and replacement power costs;
- failure of information technology systems and network infrastructure;
- operational limitations imposed by environmental or other regulatory requirements;
- limitations imposed on our nuclear generating units by regulatory agencies or a failure to obtain required licenses for our nuclear generating units, as discussed later;
- inadequate or unreliable access to transmission and distribution assets;
- labor disputes and inability to recruit and retain skilled technical workers;
- inability to successfully and timely execute repair, maintenance and/or refueling outages;
- interruptions to the supply of fuel and other commodities used in generation;
- failure to comply with FERC-mandated reliability standards for the bulk power electric system;
- inadequate coal combustion product management (disposal or beneficial use) capabilities;
- failure to adequately forecast system requirements and commodity requirements; and
- catastrophic events such as hurricanes, floods, extreme drought, earthquakes, fires, explosions, terrorist attacks, pandemic health events or other similar occurrences.

Occurrences of these events could adversely affect our financial condition or results of operations.

A significant portion of our generating facilities was constructed many years ago. Aging equipment, even if maintained in accordance with industry practices, may require significant capital expenditures. Failure of equipment or facilities could potentially increase O&M expense, purchased power expenses and capital expenditures.

Meeting the anticipated demand in our service territories and fulfilling our environmental compliance strategies will require, among other things, modernization of coal generating facilities, the construction of new generating facilities and the siting and construction of associated transmission facilities. We may not be able to obtain required licenses, permits and rights-of-way; successfully and timely complete construction; or recover the cost of such new generation and transmission facilities through our base rates or other recovery mechanisms, any of which could adversely impact our financial condition, cash flows or results of operations.

Meeting the anticipated demand within the Utilities' service territories and complying with existing and potential environmental laws and regulations will require a balanced approach. The three main elements of this balanced solution are: (1) expanding our energy-efficiency programs; (2) investing in the development of alternative energy resources for the future; and (3) operating state-of-the-art power systems that produce energy cleanly and efficiently by modernizing existing plants and pursuing options for building new plants and associated transmission facilities.

The risks of each of the elements of our balanced solution include, but are not limited to, the following:

Energy-Efficiency and New Energy Resources

We are expanding our DSM, energy-efficiency and conservation programs and will continue to pursue additional initiatives as these programs can be effective ways to reduce energy costs, offset the need for new power plants and protect the environment.

We are subject to the risk that our customers may not participate in our conservation programs or that the results from these programs may be less than anticipated. This could impact our compliance with state-mandated energy-efficiency standards as discussed in the risks regarding renewable energy standards. Also, not achieving the energy-efficiency and conservation measurements we assumed in our long-term resource planning could require us to further expand our generation capacity or purchase additional power at prevailing market rates.

We are also subject to the risk that customer participation in these programs or new technologies that impact the quantity and pattern of electricity usage may decrease our electric sales and require us to seek future rate increases to cover our prudently incurred costs.

As discussed further in the risk factor related to renewable energy standards, we are actively engaged in a variety of alternative energy projects. These alternative energy projects may be determined to not be cost-efficient or cost-effective.

Modernization and Construction of Generating Plants

We are currently evaluating our options for new generating plants, including gas and nuclear technologies. We intend to retire certain coal-fired units in North Carolina that do not have emission control equipment by the end of 2014 and to construct new natural gas-fueled units at certain of these facilities. We are also evaluating the possibility of converting certain of these facilities to be fueled by natural gas or biomass. At this time, no definitive decision has been made regarding the construction of nuclear plants.

Decisions to build new power plants and successful completion of such construction projects are based on many factors including:

- projected system load growth;
- performance of existing generation fleet;
- availability of competitively priced alternative energy sources;
- projections of fuel prices, availability and security;
- the regulatory environment, including the ability to recover costs and earn an appropriate return on investment;
- operational performance of new technologies;
- the time required to permit and construct;
- environmental impact;
- both public and policymaker support, including support for siting of power plant and associated transmission;
- siting and construction of transmission facilities;
- cost and availability of construction equipment, materials and skilled labor;
- nuclear decommissioning costs, insurance, and costs of security;
- ability to obtain financing on favorable terms; and
- availability of adequate water supply.

There is no assurance that we will be able to successfully and timely construct new generating facilities or to expand or modernize existing facilities within our projected budgets or that those expenditures will be recoverable through our base rates or other recovery mechanisms. As with any major construction undertaking, completion could be delayed or prevented, or cost overruns could be incurred, as a result of numerous factors, including shortages of material and labor, labor disputes, weather interferences, difficulties in obtaining necessary licenses or permits or complying with license or permit conditions, and unforeseen engineering, environmental or geological problems. These construction projects are long-term and may involve facility designs that have not been previously constructed or that have not been finalized when that project is commenced. Consequently, the projects could be subject to significant cost increases for labor, materials, scope changes and changes in design. Unsuccessful construction, expansion or modernization efforts could be subject to additional costs and/or the write-off of our investment in the project or improvement.

The construction of new power plants and associated expansion of our transmission system will require a significant amount of capital expenditures. We cannot provide certainty that adequate external financing will be available to

support the construction. Additionally, borrowings incurred to finance construction may adversely impact our leverage, which could increase our cost of capital. For certain new baseload generating facilities, we may pursue joint ventures or similar arrangements with third parties in order to share some of the financing and operational risks, but we cannot be certain we will be able to successfully negotiate any such arrangement. Furthermore, joint ventures or joint ownership arrangements also present risks and uncertainties, including those associated with sharing control over the construction and operation of a facility and reliance on the other party's financial or operational strength.

Our assumptions regarding future growth and resulting power demand in our service territories may not be realized. Like other parts of the United States, our service territories and business have been negatively impacted by the current economic conditions. The timing and extent of the recovery of the economy cannot be predicted. We may increase our baseload capacity based on anticipated growth levels and have excess capacity if those levels are not realized. The resulting excess capacity may exceed the reserve margins established by the NCUC, SCPSC and FPSC to meet our obligation to serve retail customers and, as a result, may not be recoverable.

Nuclear

In addition to the risks discussed above, the successful construction of a new nuclear power plant requires the satisfaction of a number of conditions. The conditions include, but are not limited to, the continued operation of the industry's existing nuclear fleet in a safe, reliable and cost-effective manner, an efficient and successful licensing process and a viable program for managing spent nuclear fuel. We cannot provide certainty that these conditions will exist. While we have not made a final determination on nuclear construction, we have taken steps to keep open the option of building a plant or plants. We will continue to evaluate the ongoing viability of our nuclear construction projects based on certain criteria, including obtaining the COL; public, regulatory and political support; adequate financial cost-recovery mechanisms; and availability and terms of capital financing. Adverse changes in these criteria could result in project cost increases or project termination.

PEF has entered into an EPC agreement for Levy. However, because of schedule shifts, we executed an amendment to the EPC agreement and will postpone major construction activities on the project until after the NRC issues the COL. Because we have executed an amendment to the EPC agreement and anticipate negotiating additional amendments upon receipt of the COL, we cannot currently predict the timing of when those obligations will be satisfied or the magnitude of any change. In light of the schedule shifts, PEF may incur disposition fees and charges related to the disposition of outstanding purchase orders on long lead time equipment for the Levy nuclear project, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. PEF is in suspension negotiations with the equipment vendors regarding those long lead time equipment items for which work was suspended. The amount of disposition fees and charges, if any, cannot be determined until suspension negotiations are completed.

In addition, other COL applicants would be pursuing regulatory approval, permitting and construction at roughly the same time as we would. Consequently, there may be shortages of qualified individuals to design, construct and operate these proposed new nuclear facilities.

Gas

In addition to the risks discussed above, the successful construction of a gas-fired plant requires access to an adequate supply of natural gas. The gas pipeline infrastructure in eastern and western North Carolina is limited. Existing pipelines will have to be extended to the new plant locations prior to commencement of operations, which introduces the risks associated with a critical construction project not under our direct control. Power plants fueled by fossil fuels such as natural gas and fuel oil emit GHG, which may be subject to future regulation.

Coal

In addition to the risks discussed above, the successful modernization of a coal-fired power plant requires the satisfaction of a number of conditions, including, but not limited to, consideration of emissions that impact air and water quality and management of coal combustion products such as slag, bottom ash and fly ash.

We are subject to renewable energy standards that may have a negative impact on our business, financial condition and results of operations.

We are subject to state renewable energy standards in North Carolina. North Carolina's standards include use of energy from specified renewable energy resources or implementation of energy-efficiency measures totaling 12.5 percent by 2021. Florida energy law enacted in 2008 includes provisions for development of a renewable portfolio standard but the rulemaking process is not complete. We may be subject to additional state or federal level standards in the future that could require the Utilities to produce or buy a higher portion of their energy from renewable energy sources. Mandated state and federal standards could result in the use of renewable energy sources that are not cost-effective in order to comply with requirements. If we are not able to receive retail rates reflecting our costs or investments to comply with the state or federal standards, our financial condition and results of operation may be adversely affected.

There are inherent potential risks in the operation of nuclear facilities, including environmental, health, safety, regulatory, terrorism, and financial risks, that could result in fines or the shutdown of our nuclear units, which may present potential financial exposures in excess of our insurance coverage.

PEC operates four nuclear units (three of which are jointly owned) and PEF jointly owns and operates one nuclear unit. In addition, we are exploring the possibility of expanding our nuclear generating capacity to meet future expected baseload generation needs. Our nuclear facilities are subject to operational, environmental, health and financial risks such as the ability to dispose of spent nuclear fuel, maintaining adequate capital reserves for decommissioning, limitations on amounts and types of insurance available, potential operational liabilities and extended outages, and the costs of securing the facilities against possible terrorist attacks. We maintain decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks. However, damages from an accident or business interruption at our nuclear units could exceed the amount of our insurance coverage. For PEF, it may incur liabilities to co-owners in the event of extended outages or operation at less than full capacity. If the Utilities are not allowed to recover the additional costs incurred either through insurance or regulatory mechanisms, our results of operations could be negatively impacted.

The NRC has broad authority under federal law to impose licensing and safety-related requirements for the operation of nuclear generating facilities. In the event of noncompliance, the NRC has the authority to impose fines, set license conditions, shut down a nuclear unit, or take some combination of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. Revised safety requirements promulgated by the NRC could require us to make substantial expenditures at our nuclear plants. In addition, although we have no reason to anticipate a serious nuclear incident at our plants, if an incident did occur, it could materially and adversely affect our results of operations or financial condition. A major incident at a nuclear facility anywhere in the world could cause the NRC to limit or prohibit the operation or licensing of any domestic nuclear unit.

Our nuclear facilities have operating licenses that need to be renewed periodically. We anticipate successful renewal of these licenses. However, potential terrorist threats and increased public scrutiny of utilities could result in an extended process with higher licensing or compliance costs.

With construction beginning on a number of new nuclear facilities around the world, and the prospect of several projects across the United States, there will be increased competition within the energy sector for skilled technical workers for both the construction and operation of nuclear facilities. Our ability to successfully operate our nuclear facilities is dependent upon our continued ability to recruit and retain skilled technical workers.

We are subject to numerous environmental laws and regulations that require significant capital expenditures, increase our cost of operations, and may impact or limit our business plans, or expose us to environmental liabilities.

We are subject to numerous environmental regulations affecting many aspects of our present and future operations, including air emissions, water quality, wastewater discharges, solid waste, and hazardous waste production, handling and disposal. These laws and regulations can result in increased capital, operating and other costs, particularly with regard to enforcement efforts focused on existing power plants and compliance plans with regard to new and existing power plants. These laws and regulations generally require us to obtain and comply with a wide

variety of environmental licenses, permits, authorizations and other approvals. Both public officials and private individuals may seek to enforce applicable environmental laws and regulations. Failure to comply with applicable regulations and permits might result in the imposition of fines and penalties by regulatory authorities. We cannot provide assurance that existing environmental regulations will not be revised or that new environmental regulations will not be adopted or become applicable to us. Increased compliance costs or additional operating restrictions from revised or additional regulation could have a material adverse effect on our results of operations, particularly if those costs are not fully recoverable from our ratepayers.

In addition, we may be deemed a responsible party for environmental clean-up at sites identified by a regulatory body or private party. We cannot predict with certainty the amount or timing of future expenditures related to environmental matters because of the difficulty of estimating clean-up costs. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all PRPs. While we accrue for probable costs that can be reasonably estimated, not all costs can be reasonably estimated or accrued and actual costs may materially exceed our accruals. Material costs in excess of our accruals could have an adverse impact on our financial condition and results of operations.

Our coal-fired plants produce coal combustion products, primarily ash. The EPA and a number of states are considering additional regulatory measures that may affect management, treatment, marketing and disposal of coal combustion residues. Revised or new laws or regulations under consideration may impose changes in solid waste classifications or additional environmental controls for groundwater protection, and future mitigation of related impacts could have a material impact on our results of operations or financial condition. We are also evaluating the effect on groundwater quality from past and current operations, which may result in operational changes and additional measures.

Our compliance with evolving environmental regulations, including those regarding water quality and the reduction of emissions of NOx, SO_2 and mercury from coal-fired power plants, is anticipated to require significant capital expenditures that could impact our financial condition. These costs are anticipated to be eligible for regulatory recovery through either base rates or cost-recovery clauses.

The operation of emission control equipment needed to comply with requirements set by various environmental regulations increases our operating costs and reduces the generating capacity of our coal-fired plants. O&M expenses significantly increase due to the additional personnel, materials and general maintenance associated with operation of the equipment. Operation of the emission control equipment requires the procurement of significant quantities of reagents, such as limestone and ammonia. Future increases in demand for these items from other utility companies operating similar equipment could increase our costs associated with operating the equipment. Additionally, the operation of emission control equipment may result in the development of collateral issues that require further remedial actions, resulting in additional expenditures and operating costs.

We are subject to risks associated with climate change, which could have a negative impact on our business, financial condition and results of operations. Future legislation or regulations related to climate change may impose significant restrictions on CO_2 and other GHG emissions. We may incur significant costs to comply with such legislation or regulations or in connection with related litigation. Physical risks associated with climate change could impact us.

Growing state, federal and international attention to global climate change may result in the regulation of CO_2 and other GHGs. Any future legislative or regulatory actions taken to address global climate change represent a business risk to our operations and the full impact of such initiatives on our operations cannot be determined at this time; however, we anticipate that it could result in significant cost increases over time, for which the Utilities would seek corresponding rate recovery. Reductions in CO_2 emissions to the levels specified by some proposals could be materially adverse to our financial position or results of operations if associated costs of control or limitation cannot be recovered from ratepayers.

According to the Intergovernmental Panel on Climate Change, potential climate change impacts in the southeastern United States could include warmer days and nights, increased total rainfall from heavy storms, increased severe weather events, sea level rise and increased drought conditions. An increase in the number of heat waves, periods of

drought and sea level rise could result in changes in energy demand due to shifting populations and industry. As noted below, severe weather may adversely affect our results of operations.

We could become subject to litigation related to the purported impacts of GHG emissions. A number of legal actions have been filed against other electric utilities asserting public and private nuisance, trespass and negligence claims.

Because weather conditions directly influence the demand for, our ability to provide, and the cost of providing electricity, our results of operations, financial condition and cash flows can fluctuate on a seasonal or quarterly basis and can be negatively affected by changes in weather conditions and severe weather.

Weather conditions in our service territories directly influence the demand for electricity and affect the price of energy commodities necessary to provide electricity to our customers. As a result, our future overall operating results may fluctuate substantially on a seasonal basis. In addition, we have historically sold less power, and consequently earned less income, when weather conditions were mild. Unusually mild weather could diminish our results of operations and harm our financial condition.

Sustained severe drought conditions could impact generation by PEC's hydroelectric plants, as well as our fossil and nuclear plant operations, as these facilities use water for cooling purposes and for the operation of environmental compliance equipment. Furthermore, destruction caused by severe weather events, such as hurricanes, tornadoes, severe thunderstorms, snow and ice storms, can result in lost operating revenues due to outages; property damage, including downed transmission and distribution lines; and additional and unexpected expenses to mitigate storm damage.

Our ability to recover significant costs resulting from severe weather events is subject to regulatory oversight, and the timing and amount of any such recovery is uncertain and may impact our financial conditions.

We are subject to incurring significant costs resulting from damage sustained during severe weather events. While the Utilities have historically been granted regulatory approval to defer and amortize or collect from customers the majority of significant storm costs incurred, the Utilities' storm cost-recovery petitions may not always be granted or may not be granted in a timely manner. If we cannot recover costs associated with future severe weather events in a timely manner, or in an amount sufficient to cover our actual costs, our financial conditions and results of operations could be materially and adversely impacted.

Under its base rate settlement agreement, PEF is allowed to recover the costs of named storms on an expedited basis through a surcharge on monthly residential customer bills for storm costs. In the event the storm costs exceed the maximum allowed surcharge, excess additional costs can be deferred and recovered in a subsequent year or years as determined by the FPSC. Additionally, the order approving the settlement agreement allows PEF to use the surcharge to replenish the storm damage reserve to a specified level after storm costs are fully recovered.

PEC does not maintain a storm damage reserve account and does not have a cost-recovery clause to recover storm costs. PEC may request recovery of significant storm-related costs; PEC has previously sought and received permission from the NCUC and the SCPSC to defer storm expenses and amortize them over agreed-upon time periods.

Our revenues, operating results and financial condition are impacted by customer growth and usage in our service territories and may fluctuate with current economic conditions. We are also impacted by the demand and competitive state of the wholesale market.

Our revenues, operating results and financial condition are impacted by customer growth and usage. Customer growth can be impacted by population growth as well as by economic factors, including but not limited to, job growth and housing market trends. The Utilities are impacted by the economic cycles of the customers we serve. As our service territories experience economic downturns, residential customer consumption patterns may change and our revenues may be negatively impacted. If our commercial and industrial customers experience economic downturns, their consumption of electricity may decline and our revenues can be negatively impacted. Like other parts of the United States, our service territories and business have been impacted by the current economic conditions. The timing and extent of the recovery of the economy cannot be predicted. Additionally, our customers

could voluntarily reduce their consumption of electricity in response to decreases in their disposable income or individual energy conservation efforts.

Wholesale revenues fluctuate with regional demand, fuel prices and contracted capacity. Our wholesale profitability is dependent upon market conditions and our ability to renew or replace expiring wholesale contracts on favorable terms. Based on economic conditions in effect when wholesale contracts expire, the Utilities may not be successful in renewing or replacing expiring contracts.

Fluctuations in commodity prices or availability may adversely affect various aspects of the Utilities' operations as well as the Utilities' financial condition, results of operations or cash flows.

We are exposed to the effects of market fluctuations in the price of natural gas, coal, fuel oil, nuclear fuel, electricity and other energy-related commodities, including emission allowances, as a result of our ownership of energy-related assets. Fuel costs are recovered primarily through cost-recovery clauses, subject to the Utilities' state utility commissions' approval. Additionally, we have hedging strategies in place to mitigate fluctuations in commodity supply prices, but to the extent that we do not cover our entire exposure to commodity price fluctuations, or our hedging procedures do not work as planned, there can be no assurances that our financial performance will not be negatively impacted by price fluctuations. Additionally, we are exposed to risk that our counterparties will not be able to perform their obligations. Should our counterparties fail to perform, we might be forced to replace the underlying commitment at prevailing market prices. In such event, we might incur losses in addition to the amounts, if any, already paid to the counterparties.

Certain of our hedge agreements may result in the receipt of, or posting of, derivative collateral with our counterparties, depending on the daily derivative position. Fluctuations in commodity prices that lead to our return of collateral received and/or our posting of collateral with our counterparties negatively impact our liquidity. Downgrades in our credit ratings could lead to additional collateral posting requirements. We continually monitor our derivative positions in relation to market price activity.

Volatility in market prices for fuel and power may result from, among other items:

- weather conditions;
- seasonality;
- power usage;
- illiquid markets;
- transmission or transportation constraints or inefficiencies;
- technological changes;
- availability of competitively priced alternative energy sources;
- demand for energy commodities;
- natural gas, crude oil and refined products, nuclear fuel and coal production levels;
- natural disasters, wars, terrorism, embargoes and other catastrophic events; and
- federal, state and foreign energy and environmental regulation and legislation.

In addition, we anticipate significant capital expenditures for environmental compliance and baseload generation. The completion of these projects within established budgets is contingent upon many variables including the securing of labor and materials at estimated costs. The demand and prices for labor and materials are subject to volatility and may increase in the future. We are subject to the risk that cost overages may not be recoverable from ratepayers and our financial condition, results of operations or cash flows may be adversely impacted.

Prices for emission allowance credits fluctuate. While allowances are eligible for annual recovery in PEF's jurisdictions in Florida and PEC's in South Carolina, no such annual recovery exists in North Carolina for PEC. Future changes in the price of allowances could have a significant adverse financial impact on us and PEC and, consequently, on our results of operations and cash flows.

As a holding company with no revenue-generating operations, the Parent is dependent on upstream cash flows from its subsidiaries, primarily the Utilities; its commercial paper and credit facilities; and its ability to access the long-term debt and equity capital markets.

The Parent is a holding company and, as such, has no revenue-generating operations of its own. The primary cash needs at the Parent level are our common stock dividend, interest and principal payments on the Parent's senior unsecured debt and potentially funding a portion of the Utilities' capital expenditures through equity contributions. The Parent's ability to meet these needs is typically funded with dividends from the Utilities generated from their earnings and cash flows, and to a lesser extent, dividends from other subsidiaries; repayment of funds due to the Parent by its subsidiaries; the Parent's credit facility; and/or the Parent's ability to access the short-term and long-term debt and equity capital markets.

Prior to funding the Parent, its subsidiaries have financial obligations that must be satisfied, including, among others, their respective debt service, preferred dividends and obligations to trade creditors. Additionally, the Utilities could retain their free cash flow to fund their capital expenditures in lieu of receiving equity contributions from the Parent. Should the Utilities not be able to pay dividends or repay funds due to the Parent or if the Parent cannot access the commercial paper market, its credit facilities or the long-term debt and equity capital markets, the Parent's ability to pay principal, interest and dividends would be restricted. The Parent could change its existing common stock dividend policy based upon these and other business factors

Our business is dependent on our ability to successfully access capital markets on favorable terms. Limits on our access to capital may adversely impact our ability to execute our business plan or pursue improvements that we would otherwise rely on for future growth.

Our cash requirements are driven by the capital-intensive nature of our Utilities. In addition to operating cash flows, we rely heavily on commercial paper, long-term debt and equity issuances. If access to these sources of liquidity becomes constrained, our ability to implement our business strategy will be adversely affected. Market disruptions or a downgrade of our credit ratings could increase our cost of borrowing and may adversely affect our ability to access the financial markets. If we cannot fund our expected capital expenditures and debt maturities through normal operations or by accessing capital markets, our business plans, financial condition, results of operations or cash flows may be adversely impacted.

We typically issue commercial paper to meet short-term liquidity needs. When financial and economic conditions result in tightened short-term credit markets, coupled with corresponding volatility in commercial paper durations and interest rates, we evaluate other options for meeting our short-term liquidity needs, which may include borrowing from our revolving credit agreements (RCAs), issuing short-term notes, issuing long-term debt and/or issuing equity. In addition, if our short-term credit ratings are downgraded below Tier 2 (A-2/P-2/F2) we could experience increased volatility in commercial paper durations and interest rates and our access to the commercial paper markets may be negatively impacted. In that case, we would evaluate other options for meeting our short-term liquidity needs as previously described. These alternative sources of liquidity may not be available or may not have comparable favorable terms and, thus, may impact adversely our business plans, financial condition, and results of operations or cash flows.

Increases in our leverage or reductions in our cash flow could adversely affect our competitive position, business planning and flexibility, financial condition, ability to service our debt obligations and to pay dividends on our common stock, and ability to access capital on favorable terms.

As discussed above, we typically rely heavily on our commercial paper and long-term debt. Our credit agreements contain certain provisions and impose various limitations that could impact our liquidity, such as cross-default provisions and defined maximum total debt to total capital (leverage) ratios. Under these revolving credit facilities, indebtedness includes certain letters of credit and guarantees that are not recorded on the Consolidated Balance Sheets.

As previously discussed, we are anticipating extensive capital needs for new generation, transmission and distribution facilities, and environmental compliance expenditures. Funding these capital needs could increase our leverage and present numerous risks including those addressed below.

In the event our leverage increases such that we approach the permitted ratios, our access to capital and additional liquidity could decrease. A limitation in our liquidity could have a material adverse impact on our business strategy and our ongoing financing needs. Additionally, a significant increase in our leverage or reductions in cash flow could adversely affect us by:

- increasing the cost of future debt financing;
- impacting our ability to pay dividends on our common stock at the current rate;
- making it more difficult for us to satisfy our existing financial obligations;
- increasing our vulnerability to adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to debt repayment, thereby reducing funds available for operations, future business opportunities or other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete;
- requiring the issuance of additional equity;
- placing us at a competitive disadvantage compared to competitors who have less debt; and
- causing a downgrade in our credit ratings.

Any reduction in our credit ratings below investment grade would likely increase our financing costs, limit our access to additional capital and require posting of collateral, all of which could materially and adversely affect our business, results of operations and financial condition.

While the long-term target credit ratings for the Parent and the Utilities are above the minimum investment grade rating, we cannot provide certainty that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Such circumstances could include, among others, increases in leverage, adverse changes in other financial metrics, and adverse regulatory outcomes. Our debt indentures and credit agreements do not contain any "ratings triggers," which would cause the acceleration of interest and principal payments in the event of a ratings downgrade. Any downgrade could increase our borrowing costs, may adversely affect our access to capital and could result in the posting of additional collateral for derivatives in a liability position, which could negatively impact our financial results and business plans. Any reduction in our credit ratings below investment grade could also result in collateral posting requirements for certain of our natural gas transportation contracts. We note that the ratings from credit agencies are not recommendations to buy, sell or hold our securities or those of PEC or PEF and that each agency's rating should be evaluated independently of any other agency's rating.

Market performance and other changes may decrease the value of nuclear decommissioning trust funds and benefit plan assets, which then could require significant additional funding.

The performance of the capital markets affects the values of the assets held in trust to satisfy future obligations to decommission the Utilities' nuclear plants and under our defined benefit pension and other postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below our projected rates of return. Although a number of factors impact our funding requirements, a decline in the market value of the assets may increase the funding requirements of the obligations for decommissioning the Utilities' nuclear plants and under our defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, potentially requiring additional funding. Further, the funding requirements of the obligations related to these benefit plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. If we are unable to successfully manage the nuclear decommissioning trust funds and benefit plan assets, our results of operation and financial position could be negatively affected.

Impairment of goodwill could have a significant negative impact on our financial condition and results of operations.

Goodwill is required to be tested for impairment at least annually and more frequently when indicators of impairment exist. All of our goodwill is allocated to our utility reporting units, and goodwill impairment tests are performed at the utility reporting unit level.

We calculate the fair value of our utility reporting units by considering various factors, including valuation studies based primarily on income and market approaches. The calculations in both approaches are highly dependent on subjective factors such as management's estimate of future cash flows, the selection of appropriate discount and growth rates from a marketplace participant's perspective, and the selection of peer utilities and marketplace transactions for comparative valuation purposes. The estimated future cash flows are based on the Utilities' business plans that assume the occurrence of certain events in the future, such as the outcome of future rate filings, future approved rates of returns on equity, the timing of anticipated significant future capital investments, the anticipated earnings and returns related to such capital investments, continued recovery of cost of service and renewal of certain contracts. These underlying assumptions and estimates are made as of a point in time. If these assumptions change or should the actual outcome of some or all of these assumptions differ significantly from the current assumptions, the fair value of the utility reporting units could be significantly different in future periods, which could result in a future impairment charge to goodwill. Impairment of our recorded goodwill could result in volatility in our earnings under accounting principles generally accepted in the United States of America (GAAP) and an increase in our leverage, which could trigger a downgrade of our credit ratings leading to higher borrowing costs and/or dilution through additional issuances of common stock. However, in the event of a goodwill impairment, we do not expect any such impairment to cause us to violate any financial or restrictive covenants contained in our indebtedness or other contractual arrangements.

Our ability to fully utilize tax credits generated under Section 29/45K may be limited. This risk is not applicable to PEC and PEF.

In accordance with the provisions of Section 29/45K, we have generated tax credits based on the content and quantity of coal-based solid synthetic fuels produced and sold to unrelated parties. This tax credit program expired at the end of 2007. The timing of the utilization of the tax credits is dependent upon our taxable income, which can be impacted by a number of factors. The timing of the utilization can also be impacted by certain substantial changes in ownership, including the Merger. Additionally, in the normal course of business, our tax returns are audited by the IRS. If our tax credits were disallowed in whole or in part as a result of an IRS audit, there could be significant additional tax liabilities and associated interest for previously recognized tax credits, which could have a material adverse impact on our earnings and cash flows. Although we are unaware of any currently proposed legislation or new IRS regulations or interpretations impacting previously recorded synthetic fuels tax credits, the value of credits generated could be unfavorably impacted by such legislation or IRS regulations and interpretations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

We believe that our physical properties and those of our subsidiaries are adequate to carry on our and their businesses as currently conducted. We maintain property insurance against loss or damage by fire or other perils to the extent that such property is usually insured.

ELECTRIC - PEC

PEC's 18 generating plants represent a flexible mix of fossil steam, nuclear, combustion turbines, combined cycle, and hydroelectric resources, with a total summer generating capacity of 12,554 MW. Of this total, Power Agency owns approximately 700 MW. On December 31, 2010, PEC had the following generating facilities:

Facility	Location	No. of Units	In-Service Date	Fuel	PEC Ownership (in %)	Summer Net Capability[a] (in MW)
FOSSIL STEAM						
Asheville	Arden, N.C.	2	1964-1971	Coal	100	376
Cape Fear[b]	Moncure, N.C.	2	1956-1958	Coal	100	316
Lee[b]	Goldsboro, N.C.	3	1951-1962	Coal	100	391
Mayo	Roxboro, N.C.	1	1983	Coal	83.83	727 [c]
Robinson	Hartsville, S.C.	1	1960	Coal	100	177
Roxboro	Semora, N.C.	4	1966-1980	Coal	96.3 [d]	2,417 [c]
Sutton[b]	Wilmington, N.C.	3	1954-1972	Coal	100	590
Weatherspoon[b]	Lumberton, N.C.	3	1949-1952	Coal	100	170
	Total	19				5,164
NUCLEAR						
Brunswick	Southport, N.C.	2	1975-1977	Uranium	81.67	1,858 [c]
Harris	New Hill, N.C.	1	1987	Uranium	83.83	900 [c]
Robinson	Hartsville, S.C.	1	1971	Uranium	100	724
	Total	4				3,482
COMBUSTION TURBINES						
Asheville	Arden, N.C.	2	1999-2000	Gas/Oil	100	324
Blewett	Lilesville, N.C.	4	1971	Oil	100	52
Darlington	Hartsville, S.C.	13	1974-1997	Gas/Oil	100	802
Lee	Goldsboro, N.C.	4	1968-1971	Oil	100	75
Morehead City	Morehead City, N.C.	1	1968	Oil	100	12
Richmond	Hamlet, N.C.	5	2001-2002	Gas/Oil	100	820
Robinson	Hartsville, S.C.	1	1968	Gas/Oil	100	11
Sutton	Wilmington, N.C.	3	1968-1969	Gas/Oil	100	61
Wayne County	Goldsboro, N.C.	5	2000-2009	Gas/Oil	100	863
Weatherspoon	Lumberton, N.C.	4	1970-1971	Gas/Oil	100	131
	Total	42				3,151
COMBINED CYCLE						
Cape Fear	Moncure, N.C.	2	1969	Oil	100	62
Richmond	Hamlet, N.C.	1	2002	Gas/Oil	100	470
	Total	3				532
HYDRO						
Blewett	Lilesville, N.C.	6	1912	Water	100	22
Marshall	Marshall, N.C.	2	1910	Water	100	4
Tillery	Mount Gilead, N.C.	4	1928-1960	Water	100	87
Walters	Waterville, N.C.	3	1930	Water	100	112
	Total	15				225
TOTAL		83				12,554

[a] Summer ratings reflect compliance with NERC reliability standards and are gross of joint ownership interest.

[b] PEC has announced that it intends to retire these units no later than the end of 2014. See Item I, "Business - PEC - Fuel and Purchased Power - Oil and Gas" regarding PEC's plans to build new generation fueled by natural gas.

[c] Facilities are jointly owned by PEC and Power Agency. The capacities shown include Power Agency's share.

[d] PEC and Power Agency are joint owners of Unit 4 at the Roxboro Plant. PEC's ownership interest in this 698-MW unit is 87.06 percent.

At December 31, 2010, including both the total generating capacity of 12,554 MW and the total firm contracts for purchased power of 1,332 MW, PEC had total capacity resources of approximately 13,886 MW.

Power Agency has undivided ownership interests of 18.33 percent in Brunswick Unit Nos. 1 and 2, 12.94 percent in Roxboro Unit No. 4, 3.77 percent in Roxboro Common facilities, and 16.17 percent in Harris and Mayo Unit No. 1. Otherwise, PEC has good and marketable title to its principal plants and units, subject to the lien of its mortgage and deed of trust, with minor exceptions, restrictions, and reservations in conveyances, as well as minor defects of the nature ordinarily found in properties of similar character and magnitude. PEC also owns certain easements over private property on which transmission and distribution lines are located.

At December 31, 2010, PEC had approximately 6,000 circuit miles of transmission lines including 300 miles of 500 kilovolt (kV) lines and 3,000 miles of 230-kV lines. PEC also had approximately 45,000 circuit miles of overhead distribution conductor and 22,000 circuit miles of underground distribution cable. Distribution and transmission substations in service had a transformer capacity of approximately 52 million kilovolt-ampere (kVA) in approximately 900 transformers. Distribution line transformers numbered approximately 538,000 with an aggregate capacity of approximately 24 million kVA.

ELECTRIC - PEF

PEF's 14 generating plants represent a flexible mix of fossil steam, combustion turbines, combined cycle, and nuclear resources, with a total summer generating capacity of 10,025 MW. Of this total, joint owners own approximately 120 MW. On December 31, 2010, PEF had the following generating facilities:

Facility	Location	No. of Units	In-Service Date	Fuel	PEF Ownership (in %)	Summer Net Capability[a] (in MW)
FOSSIL STEAM						
Anclote	Holiday, Fla.	2	1974-1978	Gas/Oil	100	1,011
Crystal River	Crystal River, Fla.	4	1966-1984	Coal	100	2,291
Suwannee River	Live Oak, Fla.	3	1953-1956	Gas/Oil	100	131
	Total	9				3,433
COMBINED CYCLE						
Bartow	St. Petersburg, Fla.	1	2009	Gas/Oil	100	1,133
Hines	Bartow, Fla.	4	1999-2007	Gas/Oil	100	1,912
Tiger Bay	Fort Meade, Fla.	1	1997	Gas	100	205
	Total	6				3,250
COMBUSTION TURBINES						
Avon Park	Avon Park, Fla.	2	1968	Gas/Oil	100	48
Bartow	St. Petersburg, Fla.	4	1972	Gas/Oil	100	177
Bayboro	St. Petersburg, Fla.	4	1973	Oil	100	174
DeBary	DeBary, Fla.	10	1975-1992	Gas/Oil	100	637
Higgins	Oldsmar, Fla.	4	1969-1971	Gas/Oil	100	113
Intercession City	Intercession City, Fla.	14	1974-2000	Gas/Oil	[b]	982 [c]
Rio Pinar	Rio Pinar, Fla.	1	1970	Oil	100	12
Suwannee River	Live Oak, Fla.	3	1980	Gas/Oil	100	154
Turner	Enterprise, Fla.	4	1970-1974	Oil	100	139
University of Florida						
Cogeneration	Gainesville, Fla.	1	1994	Gas	100	46
	Total	47				2,482
NUCLEAR						
Crystal River	Crystal River, Fla.	1	1977	Uranium	91.78	860 [c]
	Total	1				860
TOTAL		63				10,025

[a] Summer ratings reflect compliance with NERC reliability standards and are gross of joint ownership interest.

[b] PEF and Georgia Power Company are joint owners of a 143-MW advanced combustion turbine located at PEF's Intercession City site. Georgia Power Company has the exclusive right to the output of this unit during the months of June through September. PEF has the right for the remainder of the year.

[c] Facilities are jointly owned. The capacities shown include joint owners' share.

At December 31, 2010, including both the total generating capacity of 10,025 MW and the total firm contracts for purchased power of 3,275 MW, PEF had total capacity resources of approximately 13,300 MW.

Several entities have acquired undivided ownership interests in CR3 in the aggregate amount of 8.22 percent. The joint ownership participants are: City of Alachua – 0.08 percent, City of Bushnell – 0.04 percent, City of Gainesville – 1.41 percent, Kissimmee Utility Authority – 0.68 percent, City of Leesburg – 0.82 percent, Utilities Commission of the City of New Smyrna Beach – 0.56 percent, City of Ocala – 1.33 percent, Orlando Utilities Commission – 1.60 percent and Seminole Electric Cooperative, Inc. – 1.70 percent. PEF and Georgia Power Company are co-owners of a 143-MW advance combustion turbine located at PEF's Intercession City Unit P11. Georgia Power Company has the exclusive right to the output of this unit during the months of June through September. PEF has that right for the remainder of the year. Otherwise, PEF has good and marketable title to its principal plants and units, subject to the

lien of its mortgage and deed of trust, with minor exceptions, restrictions and reservations in conveyances, as well as minor defects of the nature ordinarily found in properties of similar character and magnitude. PEF also owns certain easements over private property on which transmission and distribution lines are located.

At December 31, 2010, PEF had approximately 5,000 circuit miles of transmission lines including 200 miles of 500 kV lines and approximately 1,500 miles of 230-kV lines. PEF also had approximately 18,000 circuit miles of overhead distribution conductor and 13,000 circuit miles of underground distribution cable. Distribution and transmission substations in service had a transformer capacity of approximately 47 million kVA in approximately 800 transformers. Distribution line transformers numbered approximately 390,000 with an aggregate capacity of approximately 20 million kVA.

ITEM 3. LEGAL PROCEEDINGS

Legal proceedings are included in the discussion of our business in PART I, Item 1 under "Environmental," and are incorporated by reference herein. See Note 22D for a discussion of certain other legal matters.

ITEM 4. (REMOVED AND RESERVED)

EXECUTIVE OFFICERS OF THE REGISTRANTS AT FEBRUARY 28, 2011

Name	Age	Recent Business Experience
William D. Johnson	57	**Chairman, President and Chief Executive Officer, Progress Energy and Florida Progress,** October 2007 to present; **Chairman, PEC and PEF,** from November 2007 to present; President and Chief Operating Officer, Progress Energy, from January 2005 to October 2007; Group President, PEC, from January 2004 to October 2007; Executive Vice President, PEF, from November 2000 to November 2007; Executive Vice President, Florida Progress, from November 2000 to December 2003; and Corporate Secretary, PEC, PEF, Progress Energy Service Company, LLC and Florida Progress, from November 2000 to December 2003. Mr. Johnson has been with Progress Energy (formerly CP&L) since 1992 and served as Group President, Energy Delivery, Progress Energy, from January 2004 to December 2004. Prior to that, he was President, CEO and Corporate Secretary, Progress Energy Service Company, LLC, from October 2002 to December 2003. He also served as Executive Vice President – Corporate Relations & Administrative Services, General Counsel and Secretary of Progress Energy. Mr. Johnson served as Vice President – Legal Department and Corporate Secretary, CP&L, from 1997 to 1999. Before joining Progress Energy, Mr. Johnson was a partner with the Raleigh, N.C., law office of Hunton & Williams LLP where he specialized in the representation of utilities. He previously served as a law clerk to the Honorable J. Dickson Phillips Jr. of the U.S. Court of Appeals for the Fourth Circuit.

Jeffrey A. Corbett

51 **Senior Vice President, Energy Delivery, PEC,** January 2008 to present. Mr. Corbett oversees operations and services in the Carolinas, including engineering, distribution, construction, metering, power restoration, community relations and customer service. He previously served as Senior Vice President, Energy Delivery, PEF, from June 2006 to January 2008, with the same responsibilities in Florida as mentioned above. Mr. Corbett served as Vice President – Distribution for PEC, from January 2005 to June 2006. He also served PEC as Vice President – Eastern Region, from September 2002 to January 2005. Mr. Corbett joined Progress Energy in 1999 and has served in a number of roles, including General Manager of the Eastern Region and Director of Distribution Power Quality and Reliability.

Before joining Progress Energy, Mr. Corbett spent 17 years with Virginia Power, serving in a variety of engineering and leadership roles.

*Vincent M. Dolan

56 **President and Chief Executive Officer, PEF,** July 2009 to present. Mr. Dolan oversees all aspects of PEF's delivery operations, including distribution and customer service, transmission, and products and services. He previously served as Vice President – External Relations, PEF, from December 2006 to July 2009; Vice President – Regulatory & Customer Relations, PEF, from March 2005 to December 2006; and Vice President – Corporate Relations & Administrative Services, PEF, from April 2002 to March 2005. Mr. Dolan has been with PEF since 1986 in positions of increasing responsibility in the areas of operations, strategic development, customer services, and regulatory affairs.

Before joining PEF, Mr. Dolan was with Foster Wheeler Energy Corporation, an international engineering and manufacturing firm.

*Michael A. Lewis

48 **Senior Vice President, Energy Delivery, PEF,** January 2008 to present. Mr. Lewis oversees operations and services in Florida, including engineering, distribution, construction, metering, power restoration, community relations, energy-efficiency, and alternative energy strategies. He previously served as Vice President, Distribution, PEF, from August 2007 to January 2008; Vice President, Distribution Engineering & Operations, PEF, from December 2005 to August 2007; Vice President, Distribution Operations & Support, PEF, from April 2004 to December 2005; and Vice President, Coastal Region, PEF, from December 2000 to April 2004. Mr. Lewis has been with PEF in a number of engineering and management positions since 1986, including District Manager, Distribution Operations Manager in Pasco County, General Manager for the South Coastal region and Regional Vice President of both the North and South Coastal regions.

Jeffrey J. Lyash

49 **Executive Vice President, Energy Supply, Progress Energy,** June 2010 to present. In his role, Mr. Lyash oversees all power generation plants in the Carolinas and Florida. He also serves as Executive Vice President, PEC, since August 2009, and PEF, since July 2009. Mr. Lyash previously served as Executive Vice President, Corporate Development, Progress Energy, from July 2009 to June 2010; President and Chief Executive Officer, PEF, from June 2006 to July 2009; Senior Vice President, PEF, from November 2003 to June 2006; and Vice President – Transmission in Energy Delivery, PEC, from January 2002 to October 2003. Mr. Lyash joined Progress Energy (formerly CP&L) in 1993 and spent his first eight years at the Brunswick Nuclear Plant in Southport, N.C., in a number of management roles. His last position at Brunswick was as Director of site operations.

Before joining Progress Energy, Mr. Lyash worked with the NRC in a number of capacities between 1984 and 1993.

John R. McArthur

55 **Executive Vice President, Progress Energy,** September 2008 to present. In this role, Mr. McArthur is responsible for corporate and utility support functions, including Audit Services, Corporate Services, Corporate Communications, External Relations, Human Resources and Legal. He also serves as General Counsel, since April 2010, and previously from 2004 until 2009, and Corporate Secretary, since 2004, of Progress Energy. Mr. McArthur is also Executive Vice President of PEC since September 2008, Executive Vice President of PEF since November 2008 and Executive Vice President of Florida Progress Corporation since January 2010. Mr. McArthur has been with Progress Energy in a number of roles since 2001, including General Counsel, Senior Vice President, Corporate Relations and Vice President, Public Affairs.

Before joining Progress Energy, Mr. McArthur was a senior adviser to N.C. Governor Mike Easley, handling major policy initiatives as well as media and legal affairs. Previously, he handled state government affairs for General Electric Co. He also served as chief counsel in the N.C. Attorney General's office, where he supervised utility, consumer, health care, and environmental protection issues. Prior to that Mr. McArthur was a partner with the Raleigh, N.C., law office of Hunton & Williams LLP and served as a law clerk to the Honorable Sam J. Ervin III of the U.S. Court of Appeals for the Fourth Circuit.

Mark F. Mulhern

51 **Senior Vice President and Chief Financial Officer, Progress Energy, PEC and PEF,** September 2008 to present. He previously served as Senior Vice President, Finance, PEC and PEF, from November 2007 to September 2008, and Senior Vice President, Finance, Progress Energy, from July 2007 to September 2008. Mr. Mulhern also served as President of Progress Ventures (the unregulated subsidiary of Progress Energy), from 2005 to 2008; Senior Vice President of Competitive Commercial Operations of Progress Ventures, from 2003 to 2005; Vice President, Strategic Planning of Progress Energy, from 2000 to 2003; Vice President and Treasurer of Progress Energy, from 1997 to 2000; and Vice President and Controller of Progress Energy, from 1996 to 1997.

Before joining Progress Energy (formerly CP&L) in 1996, Mr. Mulhern was the Chief Financial Officer at Hydra Co Enterprises, the independent power subsidiary of Niagara Mohawk. He also spent eight years at Price Waterhouse, serving a wide variety of manufacturing and service businesses.

James Scarola

54 **Senior Vice President and Chief Nuclear Officer, PEC and PEF,** January 2008 to present. Mr. Scarola oversees all aspects of our nuclear program. He previously served as Vice President at the Brunswick Nuclear Plant from October 2005 to December 2007. Mr. Scarola joined Progress Energy (formerly CP&L) in 1998, where he served as Vice President at the Harris Nuclear Power Plant until October 2005.

Mr. Scarola entered the nuclear power field in 1978 as a design engineer and has held positions in construction, start-up testing, maintenance, engineering and operations. He was the Plant General Manager at the St. Lucie Nuclear Plant with Florida Power & Light Company prior to joining Progress Energy.

Paula J. Sims	49	**Senior Vice President, Corporate Development and Improvement, Progress Energy,** June 2010 to present. Ms. Sims is responsible for implementing Progress Energy's balanced solution strategy for meeting the future energy needs of its customers. In addition, she oversees program development and construction of new generation projects, renewable energy and efficiency programs, supply chain, information technology and wholesale power operations. Ms. Sims is the executive sponsor for Continuous Business Excellence, Progress Energy's framework for improving processes, efficiency and overall cost management and has responsibility for environmental, health and safety. She also serves as Senior Vice President, PEC and PEF, since April 2006. Ms. Sims previously served as Senior Vice President, Power Operations, PEC and PEF, from July 2007 to June 2010; Senior Vice President, Regulated Services of PEC, from January 2006 to July 2007; Vice President, Fossil Fuel Generation of Progress Energy and PEF, from January 2006 to April 2006; Vice President, Regulated Fuels of Progress Energy, from December 2004 to December 2005; Chief Operating Officer of Progress Fuels Corporation, from February 2002 to December 2004; and Vice President, Business Operations & Strategic Planning of Progress Fuels Corporation, from June 2001 to February 2002. Before joining Progress Energy in 1999, Ms. Sims was with GE Aircraft Engines, where she served in a number of engineering, operations and plant management roles for over 15 years.
Jeffrey M. Stone	49	**Chief Accounting Officer and Controller, Progress Energy and Florida Progress,** June 2005 to present; Chief Accounting Officer, PEC and PEF, from June 2005 and November 2005, respectively, to present; and Vice President and Controller, Progress Energy Service Company, LLC, from January 2005 and June 2005, respectively to present. Mr. Stone previously served as Controller of PEF and PEC, from June 2005 to November 2005. Since 1999, Mr. Stone has served Progress Energy in a number of roles in corporate support including Vice President – Capital Planning and Control; and Executive Director – Financial Planning & Regulatory Services, as well as in various management positions with Energy Supply and Audit Services. Prior to joining Progress Energy, Mr. Stone worked as an auditor with Deloitte & Touche in Charlotte, N.C.

Lloyd M. Yates

50 **President and Chief Executive Officer, PEC,** July 2007 to present. Mr. Yates oversees all aspects of PEC's delivery operations, including distribution and customer service, transmission, and products and services. He previously served as Senior Vice President, PEC, from January 2005 to July 2007, where he was responsible for overseeing the four operational and customer service regions in the Carolinas, as well as the distribution function. Mr. Yates served PEC as Vice President – Transmission, from November 2003 to December 2004 and as Vice President – Fossil Generation, from November 1998 to November 2003.

Before joining Progress Energy (formerly CP&L) in 1998, Mr. Yates was with PECO Energy for over 16 years in several line operations and management positions.

*Indicates individual is an executive officer of Progress Energy, Inc., but not PEC.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

PROGRESS ENERGY

Progress Energy's Common Stock is listed on the New York Stock Exchange under the symbol PGN. The high and low intra-day stock prices for each quarter for the past two years, and the cash dividends declared per share are as follows:

	High	Low	Dividends Declared
2010			
First Quarter	**$ 41.35**	**$ 37.04**	**$ 0.620**
Second Quarter	**40.69**	**37.13**	**0.620**
Third Quarter	**44.82**	**38.96**	**0.620**
Fourth Quarter	**45.61**	**43.08**	**0.620**
2009			
First Quarter	$ 40.85	$ 31.35	$ 0.620
Second Quarter	38.20	33.50	0.620
Third Quarter	40.05	35.97	0.620
Fourth Quarter	42.20	36.67	0.620

The December 31 closing price of our Common Stock was $43.48 for 2010 and $41.01 for 2009. At February 22, 2011, we had 51,975 holders of record of Common Stock.

Progress Energy expects to continue its policy of paying regular cash dividends; however, dividends are subject to declaration by the board of directors and the existing common stock dividend policy could change based upon business factors, including future earnings, capital requirements, and financial condition. Additionally, the Merger Agreement restricts our ability, without Duke Energy's consent, to increase the common stock dividend rate until consummation or termination of the Merger Agreement. See MD&A "Introduction – Merger."

Neither Progress Energy's Articles of Incorporation nor any of its debt obligations contain any restrictions on the payment of dividends, so long as no shares of preferred stock are outstanding. Our subsidiaries have provisions restricting dividends on their securities in certain limited circumstances (See Notes 9 and 11B).

Information regarding securities authorized for issuance under our equity compensation plans is included in Progress Energy's definitive proxy statement for its 2011 Annual Meeting of Shareholders.

RESTRICTED STOCK UNIT AWARD PAYOUTS

(a) Securities Delivered. On October 8, 2010, 2,155 shares, of our common stock were delivered to a former employee pursuant to the terms of the Progress Energy 2002 and 2007 Equity Incentive Plans (individually and collectively, the "EIP") which have been approved by Progress Energy's shareholders. Additionally, on October 1, 2010, 1,000 shares of our common stock were delivered to a current employee pursuant to the terms of the EIP. The shares of common stock delivered pursuant to the EIP were newly issued shares of Progress Energy.

(b) Underwriters and Other Purchasers. No underwriters were used in connection with the delivery of our common stock described above.

(c) Consideration. The restricted stock unit awards were granted to provide an incentive to the former and current employees to exert their utmost efforts on Progress Energy's behalf and thus enhance our performance while aligning the employees' interest with those of our shareholders.

(d) Exemption from Registration Claimed. The common shares described in this Item were delivered pursuant to a broad-based involuntary, non-contributory employee benefit plan, and thus did not involve an offer to sell or sale of securities within the meaning of Section 2(3) of the Securities Act of 1933. Receipt of the shares of our common stock required no investment decision on the part of the recipient.

ISSUER PURCHASES OF EQUITY SECURITIES FOR FOURTH QUARTER OF 2010

Period	(a) Total Number of Shares (or Units) Purchased (1)(2)(3)(4)	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
October 1 – October 31	465,094	$44.8064	N/A	N/A
November 1 – November 30	314,900	44.3468	N/A	N/A
December 1 – December 31	166,000	43.4638	N/A	N/A
Total	945,994	$44.4178	N/A	N/A

(1) At December 31, 2010, Progress Energy does not have any publicly announced plans or programs to purchase shares of its common stock.

(2) The plan administrator purchased 788,176 shares of our common stock in open-market transactions to meet share delivery obligations under the Progress Energy 401(k) Savings & Stock Ownership Plan (401(k)).

(3) The plan administrator purchased 156,900 shares of our common stock in open-market transactions to meet share delivery obligations under the Savings Plan for Employees of Florida Progress Corporation.

(4) Progress Energy withheld 918 shares of our common stock during the fourth quarter of 2010 to pay taxes due upon the payout of certain Restricted Stock Unit awards pursuant to the terms of the EIP.

PEC

Since 2000, the Parent has owned all of PEC's common stock, and as a result, there is no established public trading market for the stock. PEC has neither issued nor repurchased any equity securities since becoming a wholly owned subsidiary of the Parent. During 2010 and 2009, PEC paid dividends to the Parent totaling the amounts shown in PEC's Consolidated Statements of Changes in Total Equity included in the financial statements in PART II, Item 8. During 2008, PEC paid no dividends to the Parent. PEC has provisions restricting dividends in certain circumstances (See Notes 9 and 11). PEC does not have any equity compensation plans under which its equity securities are issued.

PEF

All shares of PEF's common stock are owned by Florida Progress and, as a result, there is no established public trading market for the stock. PEF has neither issued nor repurchased any equity securities since becoming an indirect subsidiary of the Parent. During 2010, PEF paid dividends to Florida Progress totaling the amounts shown in PEF's Statements of Changes in Common Stock Equity included in the financial statements in PART II, Item 8. During 2009 and 2008, PEF paid no dividends to Florida Progress. PEF has provisions restricting dividends in certain circumstances (See Notes 9 and 11). PEF does not have any equity compensation plans under which its equity securities are issued.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data should be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this report.

PROGESS ENERGY

	Years Ended December 31				
(in millions, except per share data)	**2010**	2009	2008	2007	2006
OPERATING RESULTS					
Operating revenues	**$ 10,190**	$ 9,885	$ 9,167	$ 9,153	$ 8,724
Income from continuing operations	**867**	840	778	702	567
Net income	**863**	761	836	496	620
Net income attributable to controlling interests	**856**	757	830	504	571
PER SHARE DATA					
Basic and diluted earnings					
Income from continuing operations attributable to controlling interests, net of tax	**$ 2.96**	$ 2.99	$ 2.95	$ 2.70	$ 2.19
Net income attributable to controlling interests	**2.95**	2.71	3.17	1.96	2.27
ASSETS	**$ 33,054**	$ 31,236	$ 29,873	$ 26,338	$ 25,832
CAPITALIZATION AND DEBT					
Common stock equity	**$ 10,023**	$ 9,449	$ 8,687	$ 8,395	$ 8,259
Noncontrolling interests	**4**	6	6	84	10
Preferred stock of subsidiaries	**93**	93	93	93	93
Long-term debt, net[(a)]	**12,137**	12,051	10,659	8,737	8,835
Current portion of long-term debt	**505**	406	-	877	324
Short-term debt	**-**	140	1,050	201	-
Capital lease obligations	**221**	231	239	247	72
Total capitalization and debt	**$ 22,983**	$ 22,376	$ 20,734	$ 18,634	$ 17,593
Dividends declared per common share	**$ 2.480**	$ 2.480	$ 2.465	$ 2.445	$ 2.425

(a) Includes long-term debt to affiliated trust of $273 million at December 31, 2010, $272 million at December 31, 2009 and 2008 and $271 million at December 31, 2007 and 2006 (See Note 23).

PEC

(in millions)	Years Ended December 31				
	2010	2009	2008	2007	2006
OPERATING RESULTS					
Operating revenues	**$ 4,922**	$ 4,627	$ 4,429	$ 4,385	$ 4,086
Net income	**602**	514	534	501	457
Net income attributable to controlling interests	**603**	516	534	501	457
Net income attributable to parent	**600**	513	531	498	454
ASSETS	**$ 14,899**	$ 13,502	$ 13,165	$ 11,955	$ 11,999
CAPITALIZATION AND DEBT					
Common stock equity	**$ 5,180**	$ 4,657	$ 4,301	$ 3,752	$ 3,363
Noncontrolling interests	**-**	3	4	4	4
Preferred stock of subsidiaries	**59**	59	59	59	59
Long-term debt, net	**3,693**	3,703	3,509	3,183	3,470
Current portion of long-term debt	**-**	6	-	300	200
Short-term debt[(a)]	**-**	-	110	154	-
Capital lease obligations	**14**	15	16	17	18
Total capitalization and debt	**$ 8,946**	$ 8,443	$ 7,999	$ 7,469	$ 7,114

(a) Includes notes payable to affiliated companies, related to the money pool program of $154 million at December 31, 2007.

PEF

The information called for by Item 6 is omitted for PEF pursuant to Instruction I(2)(a) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is separately filed by Progress Energy, Inc. (Progress Energy), Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC) and Florida Power Corporation d/b/a Progress Energy Florida, Inc. (PEF). As used in this report, Progress Energy, which includes Progress Energy, Inc. holding company (the Parent) and its regulated and nonregulated subsidiaries on a consolidated basis, is at times referred to as "we," "us" or "our." When discussing Progress Energy's financial information, it necessarily includes the results of PEC and PEF (collectively, the Utilities). The term "Progress Registrants" refers to each of the three separate registrants: Progress Energy, PEC and PEF. Information contained herein relating to PEC and PEF individually is filed by such company on its own behalf. Neither of the Utilities makes any representation as to information related solely to Progress Energy or the subsidiaries of Progress Energy other than itself.

The following MD&A contains forward-looking statements that involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Please review "Safe Harbor for Forward-Looking Statements" and Item 1A, "Risk Factors," for a discussion of the factors that may impact any such forward-looking statements made herein.

MD&A includes financial information prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as well as certain non-GAAP financial measures, "Ongoing Earnings" and "Base Revenues," discussed below. Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. Non-GAAP measures as presented herein may not be comparable to similarly titled measures used by other companies.

MD&A should be read in conjunction with the accompanying financial statements found elsewhere in this report. Certain amounts for 2009 and 2008 have been reclassified to conform to the 2010 presentation.

PROGRESS ENERGY

INTRODUCTION

Our reportable business segments are PEC and PEF, and their primary operations are the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina and in portions of Florida, respectively. The "Corporate and Other" segment primarily includes the operations of the Parent, Progress Energy Service Company, LLC (PESC) and other miscellaneous nonregulated businesses that do not separately meet the quantitative requirements as a separate reportable business segment.

MERGER

On January 8, 2011, Duke Energy Corporation (Duke Energy) and Progress Energy entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the Merger Agreement, Progress Energy will be acquired by Duke Energy in a stock-for-stock transaction (the Merger) and continue as a wholly owned subsidiary of Duke Energy. Consummation of the Merger is subject to customary conditions, including, among other things, approval of the shareholders of each company, expiration or termination of the applicable Hart-Scott-Rodino Act waiting period, and receipt of all approvals, to the extent required, from the Federal Energy Regulatory Commission (FERC), the Federal Communications Commission, the Nuclear Regulatory Commission (NRC), the North Carolina Utilities Commission (NCUC), the Kentucky Public Service Commission, the South Carolina Public Service Commission (SCPSC) the Florida Public Service Commission (FPSC), the Indiana Utility Regulatory Commission and the Ohio Public Utilities Commission.

See Item 1A, "Risk Factors," and Note 25 for additional risks and information related to the Merger.

The Merger Agreement includes certain restrictions, limitations and prohibitions as to actions we may or may not take in the period prior to consummation of the Merger as discussed below. At this time, we do not anticipate modifying our 2011 strategy discussed below but cannot predict the impact consummation of the Merger will have on our long-term strategy. The combined company's expected balance sheet and credit metrics are anticipated to enhance our growth opportunities and strategic options.

We do not expect the Merger to have a significant impact on our cash requirements and sources of liquidity during 2011, except that we do not expect to issue a material amount of equity. Pursuant to the Merger Agreement, only limited equity issuances through certain employee benefit plans and stock option plans are permitted. Additionally, the Merger Agreement restricts our ability, without Duke Energy's consent, to increase the common stock dividend rate until consummation or termination of the Merger Agreement. Total capital spending and the extent to which we can obtain financing through long-term debt issuances are also limited.

The Parent's credit facility expires May 3, 2012, and the combined shelf registration statement for the Parent, PEC and PEF expires November 18, 2011. The timing and structure of refinancing the Parent's credit facility and filing the combined shelf registration statement with the SEC will be evaluated as more definitive timelines for the Merger and integration are developed (see "Future Liquidity and Capital Resources – Credit Facilities and Registration Statements" below).

Certain substantial changes in ownership of Progress Energy, including the Merger, can impact the timing of the utilization of tax credit carry forwards and net operating loss carry forwards (See Note 14).

The companies are targeting for the Merger to close by the end of 2011. Until the Merger has received all necessary approvals and has closed, the companies will continue to operate as separate entities. Accordingly, the information presented in this Form 10-K is presented solely for the Progress Registrants on a pre-merger basis.

STRATEGY

We are an integrated energy company primarily focused on the end-use electricity markets. We own two electric utilities that operate in regulated retail utility markets in North Carolina, South Carolina and Florida and have access to attractive wholesale markets in the eastern United States. The Utilities have more than 22,000 megawatts (MW) of regulated electric generation capacity and serve approximately 3.1 million retail electric customers as well as other load-serving entities.

We have a strong track record of meeting our financial commitments. We have maintained liquidity and financial stability and sustained our dividend rate during the current economic downturn, and we believe that we have good prospects for growth once the economy begins to recover. In terms of our priorities for Progress Energy as a whole, we first focus on excelling in the fundamentals of our business. These fundamentals include safety, operational excellence, customer service, consistently achieving our financial objectives, maintaining constructive relations with regulators, political leaders and the general public as well as an internal focus on strong leadership that fully engages our workforce for high performance. In addition to excelling in these fundamentals, management has the following four focus areas for 2011:

- Improve the performance of our nuclear fleet
- Accelerate Continuous Business Excellence
- Optimize our balanced solution strategy
- Achieve effective integration planning and timely merger approvals

IMPROVE NUCLEAR FLEET PERFORMANCE

We are implementing a comprehensive improvement plan designed to strengthen and align the performance of our nuclear fleet. We are committed to raising our nuclear fleet performance to a consistently high level of safety, reliability and value. To do that, we have made a number of organizational changes and have intensified our focus on plant operations, outage planning and execution, and continuous improvement. We are also leveraging the expertise and capabilities of our company as a whole to meet these nuclear fleet objectives.

CONTINUOUS BUSINESS EXCELLENCE

For the past several years, we have been applying a continuous improvement framework to our operations through our Continuous Business Excellence initiative. Through a disciplined approach to identifying and eliminating waste and continuously improving our business, we are developing sustainable process improvements. We are gaining a clearer understanding of our cost drivers and of the dynamics shaping our near- and longer-term workforce planning needs. In addition, we have been applying the "Lean" process to our operations (Lean is a set of principles, tools, and techniques for improving the operating performance of any business). During 2010, we held more than 200 Lean events, a 50 percent increase over the prior year. The process changes resulting from these events are improving our safety and operational performance, enhancing the productivity and engagement of our employees, managing our rising costs and, ultimately, increasing customer satisfaction.

BALANCED SOLUTION STRATEGY

Our balanced solution strategy is a portfolio of investments and initiatives to meet future customer needs and evolving public policies in a way that creates long-term value for our customers and shareholders. The strategy is focused on expanding the diversity of our resources, including energy efficiency, alternative energy and a state-of-the-art power system. Expenditures to achieve our balanced solution are anticipated to be recoverable under base rates or cost-recovery mechanisms implemented by our state jurisdictions. Updates on our implementation of this strategy are discussed below.

First, we are continuing to expand and enhance our demand-side management (DSM), energy-efficiency (EE) and energy-conservation programs. We have implemented customer energy-saving programs, provided customers with incentives for efficiency improvements and expanded our customer education and outreach efforts. In addition, we are a leader in the utility industry in promoting and preparing for plug-in electric vehicles. We are participating, along with nine other utilities across the nation, in Chevrolet's two-year demonstration and research program for its Volt electric vehicle. As a program participant, we will use 12 electric vehicles to conduct a variety of utility service roles. Additionally, we will gather data from driver surveys and charging stations and study the impact of the vehicles on the electric grid.

Second, we are actively engaged in a variety of alternative energy projects. We have executed contracts to purchase 311 MW of electricity generated from solar, biomass and municipal solid waste sources. While this currently represents a small percentage of our total capacity, we will continue to pursue additional contracts for these and other alternative energy sources. PEC is on track to meet the first of the targets set under North Carolina's renewable energy portfolio standard, 3 percent of retail electric sales by 2012.

Third, we are pursuing numerous options to create a state-of-the-art power system. We are making a significant investment in smart grid technology with the initiatives partially funded by $200 million of federal matching infrastructure funds. Our strategy also includes advanced environmental controls on our coal-fired plants, and we have successfully completed the $2 billion of emission control installations planned for our coal fleets in North Carolina and Florida. Of our approximately 7,500 MW of coal-fired generation, we have scrubbed and installed emission control equipment on almost 5,000 MW. We are also moving forward with our previously announced coal-to-gas modernization strategy, which includes retiring our North Carolina coal-fired plants that do not have scrubbers (totaling approximately 1,500 MW) and replacing them with new combined-cycle natural gas plants. We expect to retire these coal-fired generating facilities no later than the end of 2014, and the new natural gas plants are expected to be placed in service in 2013 and 2014. As a result of the installation of environmental controls and the retirement of unscrubbed coal-fired plants, our emissions profile will be significantly reduced while strengthening our fuel diversification. A reduced emissions profile puts us in a better position to comply with the more stringent environmental regulations anticipated in the future.

New nuclear generation is a vital long-term part of our balanced solution strategy. While we have not made a final determination on nuclear construction, we have taken steps to keep open the option of building one or more plants. The Utilities have each filed a combined license (COL) application with the NRC for two additional reactors each at Shearon Harris Nuclear Plant (Harris) and at a greenfield site in Levy County, Florida (Levy).

We have focused on Levy given the need for more fuel diversity in Florida and anticipated federal and state policies to reduce greenhouse gas (GHG) emissions, as well as existing state legislative policy that is supportive of nuclear projects. PEF has entered into an engineering, procurement and construction (EPC) agreement and received two of the three key approvals needed for the proposed Levy units (with the issuance of the COL remaining). In light of a regulatory schedule shift and other factors, we have amended the EPC agreement and are deferring major construction on Levy until we receive the COL, expected in 2013. This decision will reduce the near-term price impact on customers and allows time for economic recovery and greater clarity on federal and state policies. Once we have received the COL, we will assess the project and determine the schedule.

INTEGRATION PLANNING AND TIMELY MERGER APPROVALS

We are in the early stages of integration planning for the Merger, and are also preparing for the various steps in the merger approval process. We believe our Continuous Business Excellence initiative will help us in the merger integration process. One important element of the initiative is getting a better understanding of the dynamics shaping near- and long-term workforce needs, which will be beneficial in integration planning. Integration planning efforts will also focus on savings from the fuel purchasing power and joint dispatch of generating plants of the combined companies. Maintaining constructive relations with regulators, public leaders and the general public is fundamental to our business, which will be critical for obtaining needed merger approvals in a timely manner.

MATTERS IMPACTING FUTURE RESULTS AND LIQUIDITY

The impact of favorable weather on the Utilities' revenues in 2010 offset the impacts of a continuing sluggish economy and cost pressures facing the utility industry. An improving national economy may lead to greater mobility for homeowners around the country and a return of migration to the Southeast region that is more consistent with our historical levels. However, the utility industry, as a whole, faces significant cost pressures and, in the near term, lower retail electricity sales. Current economic conditions and anticipated higher expenditures (including expenditures for environmental compliance, renewable energy standards compliance and new generation and transmission facilities) may subject us to an even higher level of scrutiny from regulators and lead to a more uncertain regulatory environment. Timely regulatory recovery of costs recoverable under the Utilities' pass-through clauses (such as fuel and environmental compliance) is important to maintaining appropriate levels of liquidity.

We are preparing for an energy future that includes, among other things, carbon reductions and emerging technologies such as smart grid and plug-in electric vehicles. We believe that our balanced solution strategy provides an effective, flexible framework that will prepare us for this new energy future.

RESULTS OF OPERATIONS

In this section, we provide analysis and discussion of earnings and the factors affecting earnings on both a GAAP and non-GAAP basis. We introduce our results of operations in an overview section followed by a more detailed analysis and discussion by business segment.

We compute our non-GAAP financial measurement "Ongoing Earnings" as GAAP net income attributable to controlling interests after excluding discontinued operations and the effects of certain identified gains and charges, which are considered Ongoing Earnings adjustments. Some of the excluded gains and charges have occurred in more than one reporting period but are not considered representative of fundamental core earnings. Ongoing Earnings is not a measure calculated in accordance with GAAP, and should be viewed as a supplement to, and not a substitute for, our results of operations presented in accordance with GAAP.

A reconciliation of Ongoing Earnings to GAAP net income attributable to controlling interests follows:

(in millions except per share data)	PEC	PEF	Corporate and Other	Total	Per Share
Year ended December 31, 2010					
Ongoing Earnings	**$ 618**	**$ 462**	**$ (191)**	**$ 889**	**$ 3.06**
Impairment, net of tax[a]	**(5)**	**(1)**	**-**	**(6)**	**(0.02)**
Plant retirement charge, net of tax[a]	**(1)**	**-**	**-**	**(1)**	**-**
Change in the tax treatment of the Medicare Part D subsidy	**(12)**	**(10)**	**-**	**(22)**	**(0.08)**
Discontinued operations attributable to controlling interests, net of tax	**-**	**-**	**(4)**	**(4)**	**(0.01)**
Net income (loss) attributable to controlling interests[b]	**$ 600**	**$ 451**	**$ (195)**	**$ 856**	**$ 2.95**
Year ended December 31, 2009					
Ongoing Earnings	$ 540	$ 460	$ (154)	$ 846	$ 3.03
CVO mark-to-market	-	-	19	19	0.07
Impairment, net of tax[a]	-	-	(2)	(2)	(0.01)
Plant retirement charge, net of tax[a]	(17)	-	-	(17)	(0.06)
Cumulative prior period adjustment related to certain employee life insurance benefits, net of tax[a]	(10)	-	-	(10)	(0.04)
Discontinued operations attributable to controlling interests, net of tax	-	-	(79)	(79)	(0.28)
Net income (loss) attributable to controlling interests[b]	$ 513	$ 460	$ (216)	$ 757	$ 2.71
Year ended December 31, 2008					
Ongoing Earnings	$ 531	$ 383	$ (138)	$ 776	$ 2.96
Valuation allowance and related net operating loss carry forward	-	-	(3)	(3)	(0.01)
Discontinued operations attributable to controlling interests, net of tax	-	-	57	57	0.22
Net income (loss) attributable to controlling interests[b]	$ 531	$ 383	$ (84)	$ 830	$ 3.17

[a] Calculated using assumed tax rate of 40 percent.

[b] Net income attributable to controlling interests is shown net of preferred stock dividend requirement of $3 million and $2 million at PEC and PEF, respectively.

Management uses the non-GAAP financial measure Ongoing Earnings (i) as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends; (ii) as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; (iii) as a measure for determining levels of incentive compensation; and (iv) in communications with our board of directors, employees, shareholders, analysts and investors concerning our financial performance. Management believes this non-GAAP measure is appropriate for understanding the business and assessing our potential future performance, because excluded items are limited to those that management believes are not representative of our fundamental core earnings (See Note 19).

OVERVIEW

FOR 2010 AS COMPARED TO 2009 and 2009 AS COMPARED TO 2008

For the year ended December 31, 2010, our net income attributable to controlling interests was $856 million, or $2.95 per share, compared to net income attributable to controlling interests of $757 million, or $2.71 per share, for the same period in 2009. The increase as compared to prior year was primarily due to:

- favorable weather at the Utilities and
- lower loss from discontinued non-utility businesses (Ongoing Earnings adjustment).

Partially offsetting these items was:

- higher operation and maintenance (O&M) expenses at the Utilities.

For the year ended December 31, 2009, our net income attributable to controlling interests was $757 million, or $2.71 per share, compared to net income attributable to controlling interests of $830 million, or $3.17 per share, for the same period in 2008. The decrease as compared to prior year was primarily due to:

- unfavorable impact of discontinued non-utility businesses (Ongoing Earnings adjustment);
- unfavorable net retail customer growth and usage at the Utilities;
- higher interest expense; and
- higher base depreciation and amortization at the Utilities.

Partially offsetting these items were:

- net impact of returns earned on higher levels of nuclear and environmental cost recovery clause (ECRC) assets at PEF;
- favorable impact of interim and limited base rate relief at PEF;
- depreciation and amortization expense recognized in 2008 at PEC related to North Carolina Clean Smokestacks Act (Clean Smokestacks Act) amortization expense and depreciation expense associated with the accelerated cost-recovery program for nuclear generating assets; and
- favorable weather at the Utilities.

PROGRESS ENERGY CAROLINAS

PEC contributed net income available to parent totaling $600 million, $513 million and $531 million in 2010, 2009 and 2008, respectively. The increase in net income available to parent for 2010 as compared to 2009 was primarily due to the favorable impact of weather, favorable allowance for funds used during construction (AFUDC) equity and favorable retail customer growth and usage, partially offset by higher O&M expenses. The decrease in net income available to parent for 2009 as compared to 2008 was primarily due to unfavorable net retail customer growth and usage, coal plant retirement charges, higher base depreciation and amortization expense and a cumulative prior period adjustment related to certain employee life insurance benefits, partially offset by Clean Smokestacks Act amortization and depreciation expense associated with the accelerated cost-recovery program for nuclear generating assets recognized in 2008 and the favorable impact of weather.

PEC contributed Ongoing Earnings of $618 million, $540 million and $531 million for 2010, 2009 and 2008, respectively. The 2010 Ongoing Earnings adjustments to net income available to parent were due to PEC recording a $12 million charge for the change in the tax treatment of the Medicare Part D subsidy, a $5 million impairment of certain miscellaneous investments and other assets, net of tax and a $1 million plant retirement adjustment, net of tax, related to PEC's decision to retire certain coal-fired generating units prior to the end of their estimated useful lives. The 2009 Ongoing Earnings adjustments to net income available to parent were due to PEC recording a $17 million plant retirement charge, net of tax, and recording a $10 million charge, net of tax, for a cumulative prior period adjustment related to certain employee life insurance benefits. Management does not consider these charges to be representative of PEC's fundamental core earnings and excluded these charges in computing PEC's Ongoing Earnings. There were no Ongoing Earnings adjustments in 2008.

REVENUES

The revenue tables that follow present the total amount and percentage change of total operating revenues and its components. "Base Revenues" is a non-GAAP measure and is defined as operating revenues excluding clause-recoverable regulatory returns, miscellaneous revenues and fuel and other pass-through revenues. We and PEC consider Base Revenues a useful measure to evaluate PEC's electric operations because fuel and other pass-through revenues primarily represent the recovery of fuel, applicable portions of purchased power expenses and other pass-through expenses through cost-recovery clauses and, therefore, do not have a material impact on earnings. Clause-recoverable regulatory returns include the return on asset component of DSM, EE and renewable energy clause revenues. We and PEC have included the reconciliation and analysis that follows as a complement to the financial information we provide in accordance with GAAP.

A reconciliation of Base Revenues to GAAP operating revenues, including the percentage change by customer class and by year follows:

(in millions) Customer Class	2010	% Change	2009	% Change	2008
Residential	$ 1,242	10.1	$ 1,128	1.3	$ 1,113
Commercial	726	2.7	707	(1.4)	717
Industrial	365	2.5	356	(10.6)	398
Governmental	65	10.2	59	(3.3)	61
Unbilled	10	-	5	-	8
Total retail base revenues	2,408	6.8	2,255	(1.8)	2,297
Wholesale base revenues	305	(1.0)	308	0.3	307
Total Base Revenues	2,713	5.9	2,563	(1.6)	2,604
Clause-recoverable regulatory returns	13	44.4	9	-	-
Miscellaneous	138	21.1	114	11.8	102
Fuel and other pass-through revenues	2,058	-	1,941	-	1,723
Total operating revenues	$ 4,922	6.4	$ 4,627	4.5	$ 4,429

PEC's total Base Revenues were $2.713 billion and $2.563 billion for 2010 and 2009, respectively. The $150 million increase in Base Revenues was due primarily to the $115 million favorable impact of weather and the $36 million favorable impact of retail customer growth and usage. The favorable impact of weather was driven by 15 percent higher heating-degree days and 24 percent higher cooling-degree days than 2009. Additionally, cooling degree-days were 30 percent higher and heating degree-days were 14 percent higher than normal. The favorable impact of retail customer growth and usage was driven by an increase in the average usage per retail customer and a net 10,000 increase in the average number of customers for 2010 compared to 2009. See "Seasonality and the Impact of Weather" in Item 1, "Business," for a summary of degree days and weather estimation.

PEC's miscellaneous revenues increased $24 million in 2010, which includes $10 million higher transmission revenues driven by higher rates resulting from transmission asset additions.

PEC's total Base Revenues were $2.563 billion and $2.604 billion for 2009 and 2008, respectively. The $41 million decrease in Base Revenues was due primarily to the $64 million unfavorable impact of net retail customer growth

and usage, partially offset by the $23 million favorable impact of weather. The unfavorable impact of net retail customer growth and usage was driven by a decrease in the average usage per retail customer, partially offset by a net 11,000 increase in the average number of customers for 2009 compared to 2008. The favorable impact of weather was driven by higher heating- and cooling-degree days than 2008 of 3 percent and 5 percent, respectively. Additionally, cooling-degree days were 6 percent higher than normal in 2009.

PEC's miscellaneous revenues increased $12 million in 2009 primarily due to higher transmission revenues.

PEC's electric energy sales in kilowatt-hours (kWh) and the percentage change by customer class and by year were as follows:

(in millions of kWh) Customer Class	**2010**	% Change	2009	% Change	2008
Residential	**19,108**	11.6	17,117	0.7	17,000
Commercial	**14,184**	4.0	13,639	(2.2)	13,941
Industrial	**10,665**	2.9	10,368	(9.0)	11,388
Governmental	**1,574**	5.1	1,497	2.1	1,466
Unbilled	**172**	-	360	-	(8)
Total retail kWh sales	**45,703**	6.3	42,981	(1.8)	43,787
Wholesale	**13,999**	0.2	13,966	(2.5)	14,329
Total kWh sales	**59,702**	4.8	56,947	(2.0)	58,116

The increase in retail kWh sales in 2010 was primarily due to favorable weather, as previously discussed.

The decrease in retail kWh sales in 2009 was primarily due to a decrease in average usage per retail customer due to economic conditions in the United States. PEC's industrial kWh sales decreased 9.0 percent from 2008, primarily due to reductions in textile manufacturing in the Carolinas as a result of global competition and domestic consolidation as well as a downturn in the lumber and building materials segment as a result of declines in construction. Wholesale kWh sales decreased for 2009 primarily due to decreased excess generation sales resulting from unfavorable market dynamics.

EXPENSES

Fuel and Purchased Power

Fuel and purchased power costs represent the costs of generation, which include fuel purchases for generation and energy purchased in the market to meet customer load. Fuel and a portion of purchased power expenses are recovered primarily through cost-recovery clauses, and as such, changes in these expenses do not have a material impact on earnings. The difference between fuel and purchased power costs incurred and associated fuel revenues that are subject to recovery is deferred for future collection from or refund to customers and is recorded as deferred fuel expense, which is included in fuel used in electric generation on the Consolidated Statements of Income.

Fuel and purchased power expenses totaled $1.988 billion for 2010, which represents a $79 million increase compared to 2009. This increase was primarily due to the $324 million impact of higher system requirements resulting from favorable weather and the impact of nuclear plant outages on PEC's generation mix, partially offset by $151 million decreased current year fuel costs driven by lower coal and gas prices and $104 million lower deferred fuel expense. The decrease in deferred fuel expense was primarily due to higher fuel and purchased power expenses and lower fuel rates in North Carolina. See "Electric Utility Regulated Operating Statistics - PEC" in Item 1, "Business," for a summary of average fuel costs.

Fuel and purchased power expenses totaled $1.909 billion for 2009, which represents a $217 million increase compared to 2008. This increase was primarily due to $248 million higher deferred fuel expense and the $86 million net impact of higher fuel costs driven by higher coal prices, partially offset by $128 million impact of lower system requirements. The increase in deferred fuel expense was primarily due to the implementation of higher fuel rates in North Carolina.

Operation and Maintenance

O&M expense was $1.158 billion for 2010, which represents an $86 million increase compared to 2009. This increase was primarily due to $78 million higher nuclear plant outage and maintenance costs, $11 million higher employee benefits expense driven by revised actuarial estimates, $7 million higher emission expense primarily due to sales of nitrogen oxides (NOx) emission allowances in the prior year and the $2 million impairment of other assets, partially offset by $27 million lower coal plant retirement charges. The higher nuclear plant outage and maintenance costs are primarily due to three nuclear refueling and maintenance outages in 2010 compared to two in 2009 as well as extended outages and more emergent work in 2010 as compared to 2009. Management does not consider impairments and charges recognized for the retirement of generating units prior to the end of their estimated useful lives to be representative of PEC's fundamental core earnings. Therefore, the impacts of these items are excluded in computing PEC's Ongoing Earnings. Certain O&M expense such as the cost of reagents for emission control equipment and wheeling charges are recoverable through cost-recovery clauses. In aggregate, O&M expenses primarily recoverable through base rates increased $69 million compared to the same period in 2009.

O&M expense was $1.072 billion for 2009, which represents a $42 million increase compared to 2008. This increase was primarily due to coal plant retirement charges of $28 million, higher employee benefits expense of $12 million and storm costs of $9 million, partially offset by lower emission allowance expense of $13 million resulting from lower system requirements, changes in generation mix and sales of NOx allowances. As previously discussed, coal plant retirement charges are excluded in computing PEC's Ongoing Earnings. Also, as previously discussed, certain O&M expenses are recoverable through cost-recovery clauses. In aggregate, O&M expenses primarily recoverable through base rates increased $29 million compared to the same period in 2008.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion expense was $479 million, $470 million and $518 million for 2010, 2009 and 2008, respectively. The $48 million decrease in 2009 compared to 2008 was primarily attributable to the $52 million of depreciation associated with the accelerated cost-recovery program for nuclear generating assets recognized in 2008 and the $15 million of Clean Smokestacks Act amortization recognized in 2008, partially offset by the $21 million impact of depreciable asset base increases. The North Carolina jurisdictional aggregate minimum amount of accelerated cost recovery has been met, and the South Carolina jurisdictional obligation was terminated by the SCPSC. PEC does not anticipate recording additional accelerated depreciation in the North Carolina jurisdiction, but will record depreciation over the remaining useful lives of the assets. In accordance with a regulatory order, PEC ceased to amortize Clean Smokestacks Act compliance costs, but will record depreciation over the useful lives of the assets.

Taxes Other Than on Income

Taxes other than on income was $218 million for 2010, which represents an $8 million increase compared to 2009. This increase was primarily due to an increase in gross receipts taxes due to higher operating revenues. Taxes other than on income was $210 million for 2009, which represents a $12 million increase compared to 2008. The increase was primarily due to an increase in gross receipts taxes due to higher operating revenues and higher property tax rates. Gross receipts taxes are collected from customers and recorded as revenues and then remitted to the applicable taxing authority. Therefore, these taxes have no material impact on earnings.

Other

Other operating expense was an expense of $8 million in 2010 and income of $5 million in 2008. The $8 million expense in 2010 was primarily due to the $7 million impairment of certain miscellaneous investments. The $5 million income in 2008 was primarily due to gain on land sales. Management does not consider impairments to be representative of PEC's fundamental core earnings. Therefore, the impacts of impairments are excluded in computing PEC's Ongoing Earnings.

Total Other Income, Net

Total other income, net was $67 million for 2010, which represents a $47 million increase compared to 2009. This increase was primarily due to favorable AFUDC equity of $31 million resulting from increased construction project costs and a $16 million cumulative prior period adjustment charge recorded in 2009 related to certain employee life insurance benefits. The prior period adjustment is not material to 2009 or previously issued financial statements. Management determined that the adjustment should be an exclusion from PEC's 2009 Ongoing Earnings.

Total other income, net was $20 million for 2009, which represents a $23 million decrease compared to 2008. This decrease was primarily due to the previously discussed $16 million cumulative prior period adjustment related to certain employee life insurance benefits as well as lower interest income resulting from lower average eligible deferred fuel balances.

Total Interest Charges, Net

Total interest charges, net was $186 million, $195 million and $207 million for 2010, 2009 and 2008, respectively. The $9 million decrease in 2010 compared to 2009 was primarily due to $7 million favorable AFUDC debt related to increased construction project costs. The $12 million decrease in 2009 compared to 2008 was primarily due to lower interest rates on variable rate debt, partially offset by higher interest as a result of higher average debt outstanding.

Income Tax Expense

Income tax expense was $350 million, $277 million and $298 million in 2010, 2009 and 2008, respectively. The $73 million increase in 2010 compared to 2009 was primarily due to the $64 million impact of higher pre-tax income and the $12 million impact of the change in the tax treatment of the Medicare Part D subsidy resulting from federal health care reform enacted earlier in 2010 (See Note 16). Management does not consider the change in the tax treatment of the Medicare Part D subsidy to be representative of PEC's fundamental core earnings, and therefore, the amount is excluded in computing PEC's Ongoing Earnings. The $21 million income tax expense decrease in 2009 compared to 2008 was primarily due to the impact of lower pre-tax income and the $5 million favorable tax benefit related to a deduction triggered by the transfer of previously funded amounts from nonqualified nuclear decommissioning trusts (NDTs) to qualified NDTs.

PROGRESS ENERGY FLORIDA

PEF contributed net income available to parent totaling $451 million, $460 million and $383 million in 2010, 2009 and 2008, respectively. The decrease in net income available to parent for 2010 as compared to 2009 was primarily due to unfavorable AFUDC equity and higher O&M expenses, partially offset by the favorable impact of weather and higher clause-recoverable regulatory returns. The increase in net income available to parent for 2009 compared to 2008 was primarily due to higher clause-recoverable regulatory returns, the favorable impact of interim and limited base rate relief and the favorable impact of weather, partially offset by the unfavorable impact of retail customer growth and usage, higher base depreciation and amortization expense, and higher O&M.

PEF contributed Ongoing Earnings of $462 million, $460 million and $383 million in 2010, 2009 and 2008, respectively. The 2010 Ongoing Earnings adjustments to net income available to parent were due to PEF recording a $10 million charge for the change in the tax treatment of the Medicare part D subsidy and a $1 million impairment of other assets, net of tax. Management does not consider these charges to be representative of PEF's fundamental core earnings and excluded these charges in computing PEF's Ongoing Earnings. There were no Ongoing Earnings adjustments in 2009 or 2008.

REVENUES

The revenue tables that follow present the total amount and percentage change of total operating revenues and its components. "Base Revenues" is a non-GAAP measure and is defined as operating revenues excluding clause-recoverable regulatory returns, miscellaneous revenues and fuel and other pass-through revenues. We and PEF consider Base Revenues a useful measure to evaluate PEF's electric operations because fuel and other pass-through revenues primarily represent the recovery of fuel, applicable portions of purchased power and other pass-through

expenses through cost-recovery clauses and, therefore, do not have a material impact on earnings. Clause-recoverable regulatory returns include the revenues associated with the return on asset component of nuclear cost-recovery and ECRC revenues. We and PEF have included the reconciliation and analysis that follows as a complement to the financial information we provide in accordance with GAAP.

A reconciliation of Base Revenues to GAAP operating revenues, including the percentage change by customer class and by year follows:

(in millions) Customer Class	2010	% Change	2009	% Change	2008
Residential	$ 1,045	10.5	$ 946	5.9	$ 893
Commercial	359	5.6	340	3.7	328
Industrial	75	4.2	72	(5.3)	76
Governmental	92	5.7	87	6.1	82
Unbilled	17	-	9	-	(1)
Total retail base revenues	1,588	9.2	1,454	5.5	1,378
Wholesale base revenues	160	(22.7)	207	5.1	197
Total Base Revenues	1,748	5.2	1,661	5.5	1,575
Clause-recoverable regulatory returns	173	98.9	87	690.9	11
Miscellaneous	216	14.3	189	6.2	178
Fuel and other pass-through revenues	3,117	-	3,314	-	2,967
Total operating revenues	$ 5,254	0.1	$ 5,251	11.0	$ 4,731

PEF's total Base Revenues were $1.748 billion and $1.661 billion for 2010 and 2009, respectively. The $87 million increase in Base Revenues was due primarily to the $88 million favorable impact of weather and the $50 million impact of increased retail base rates associated with the repowered Bartow Plant, partially offset by $47 million lower wholesale base revenues and the $5 million unfavorable impact of net retail customer growth and usage. The favorable impact of weather was driven by 89 percent higher heating-degree days than 2009. Additionally, heating-degree days were 124 percent higher than normal. The lower wholesale base revenues were primarily due to an amended contract with a major customer. The unfavorable impact of net retail customer growth and usage was driven by a decrease in the average usage per retail customer, partially offset by a net 4,000 increase in the average number of customers for 2010 compared to 2009. See "Seasonality and the Impact of Weather" in Item 1, "Business," for a summary of degree days and weather estimation.

PEF's clause-recoverable regulatory returns increased $86 million in 2010 primarily due to higher returns on ECRC assets due to placing approximately $1 billion of Clean Air Interstate Rule (CAIR) projects into service in late 2009 and May 2010.

PEF's miscellaneous revenues increased $27 million in 2010 primarily due to $20 million higher transmission revenues driven by favorable weather and $8 million higher right-of-use revenues related to the use of easements and land.

PEF's total Base Revenues were $1.661 billion and $1.575 billion for 2009 and 2008, respectively. The $86 million increase in Base Revenues was due primarily to the $79 million favorable impact of interim and limited base rate relief and the $36 million favorable impact of weather, partially offset by the $41 million unfavorable impact of retail customer growth and usage. The interim and limited base rate relief was approved by the FPSC effective July 1, 2009. Of the $79 million interim and limited base rate relief, $7 million related to interim rate relief, which was in effect for only 2009, and $72 million related to limited rate relief, which continued in accordance with the base rate proceeding with an annual revenue requirement of $132 million. The favorable impact of weather was primarily driven by 14 percent higher heating-degree days and 6 percent higher cooling-degree days than 2008. Heating-degree days were 4 percent lower than normal in 2009 and 16 percent lower than normal in 2008. In addition to lower average usage per customer, PEF's average number of customers for 2009, compared to 2008, decreased a net 8,000 customers.

PEF's clause-recoverable regulatory returns increased $76 million in 2009 primarily due to higher revenues related to nuclear cost recovery and ECRC assets of $61 million and $15 million, respectively. As a result of an FPSC regulatory order effective in January 2009, PEF is allowed to earn returns on certain costs related to nuclear construction.

PEF's electric energy sales in kWh and the percentage change by customer class and by year were as follows:

(in millions of kWh) Customer Class	**2010**	% Change	2009	% Change	2008
Residential	**20,524**	5.8	19,399	0.4	19,328
Commercial	**11,896**	0.1	11,884	(2.1)	12,139
Industrial	**3,219**	(2.0)	3,285	(13.2)	3,786
Governmental	**3,286**	0.9	3,256	(1.4)	3,302
Unbilled	**458**	-	131	-	(99)
Total retail kWh sales	**39,383**	3.8	37,955	(1.3)	38,456
Wholesale	**3,857**	0.6	3,835	(43.1)	6,734
Total kWh sales	**43,240**	3.5	41,790	(7.5)	45,190

The increase in retail kWh sales in 2010 was primarily due to favorable weather as previously discussed.

Wholesale kWh sales have increased in 2010 primarily due to favorable weather, which resulted in increased deliveries under a certain capacity contract that has high demand and low energy charges. Despite the increase in sales, wholesale base revenues have decreased primarily due to a contract amendment as previously discussed.

Wholesale base revenues increased in 2009, despite decreased wholesale kWh sales in 2009, primarily due to committed capacity revenues. The wholesale kWh sales decreased primarily due to market conditions in which wholesale customers fulfilled a portion of their system requirements from other sources. Many of the new and amended capacity contracts entered into in 2008 expired by the end of 2009.

Retail base revenues increased in 2009, despite a decrease in kWh sales for the same period, primarily due to the impact of interim and limited base rate relief approved by the FPSC in 2009.

EXPENSES

Fuel and Purchased Power

Fuel and purchased power costs represent the costs of generation, which include fuel purchases for generation and energy purchased in the market to meet customer load. Fuel and a portion of purchased power expenses are recovered primarily through cost-recovery clauses, and as such, changes in these expenses do not have a material impact on earnings. The difference between fuel and purchased power costs incurred and associated fuel revenues that are subject to recovery is deferred for future collection from or refund to customers and is recorded as deferred fuel expense, which is included in fuel used in electric generation on the Consolidated Statements of Income.

Fuel and purchased power expenses totaled $2.591 billion in 2010, which represents a $163 million decrease compared to 2009. This decrease was primarily due to lower deferred fuel expense of $520 million resulting from lower fuel rates, which assumed the CR3 outage was completed in 2009, partially offset by increased current year fuel and purchased power costs of $189 million and an increase in the recovery of deferred capacity costs of $167 million. The increased current year fuel and purchased power costs were primarily driven by higher system requirements resulting from favorable weather and CR3 replacement power costs net of insurance recovery. The increase in the recovery of deferred capacity costs was primarily due to increased rates and higher system requirements due to favorable weather. See "Electric Utility Regulated Statistics - PEF" in Item 1, "Business," for a summary of average fuel costs.

Fuel and purchased power expenses totaled $2.754 billion in 2009, which represents a $126 million increase compared to 2008. This increase was primarily due to higher deferred fuel expense of $467 million driven by the implementation of new fuel rates, partially offset by $164 million lower interchange costs, a decrease in the recovery

of deferred capacity costs of $91 million and decreased 2009 fuel costs of $70 million, all resulting from lower system requirements.

Operation and Maintenance

O&M expense was $912 million in 2010, which represents a $73 million increase compared to 2009. O&M expense increased primarily due to the $34 million prior-year pension deferral in accordance with an FPSC order; $22 million higher employee benefits expense driven by revised actuarial estimates; $18 million higher Energy Conservation Cost Recovery Clause (ECCR) costs driven by higher deferred expenses due to higher rates, increased energy sales and increased customer usage of load management programs and home improvement incentives; the $11 million prior-year impact of a change in vacation benefits policy; and the $2 million impairment of other assets. These increases are partially offset by $22 million favorable ECRC costs due to lower NOx allowances used resulting from a scrubber placed in service in December 2009. The ECCR and ECRC expenses are recovered through cost-recovery clauses and, therefore, have no material impact on earnings. Management does not consider impairments to be representative of PEF's fundamental core earnings. Therefore, the impacts of impairments are excluded in computing PEF's Ongoing Earnings. In aggregate, O&M expenses primarily recoverable through base rates increased $80 million compared to the same period in 2009.

O&M expense was $839 million in 2009, which represents a $26 million increase compared to 2008. The increase was primarily due to $63 million higher ECRC and ECCR costs primarily due to an increase in current year rates for recovery of emission allowances, higher pension costs of $24 million and higher nuclear plant outage and maintenance costs of $14 million, partially offset by lower storm cost recovery of $66 million due to the surcharge that ended in July 2008 and the impact of a change in our vacation benefits policy of $11 million. The ECRC and ECCR expenses and replenishment of storm damage reserve are recovered through cost-recovery clauses and, therefore, have no material impact on earnings. Pension costs were higher due to a $20 million pension credit in 2008. Substantially all of 2009's pension expense was deferred in accordance with an FPSC order. In aggregate, O&M expenses recoverable through base rates increased $25 million compared to the same period in 2008.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion expense was $426 million for 2010, which represents a $76 million decrease compared to 2009. Depreciation, amortization and accretion expense decreased primarily due to a reduction in the cost of removal component of amortization expense of $60 million in accordance with the base rate settlement agreement (See Note 7C), the lower depreciation rate impact of $43 million and other adjustments required in the base rate settlement agreement of $13 million, partially offset by the $46 million impact of depreciable asset base increases. The lower depreciation rate resulted from a depreciation study in conjunction with the 2009 base rate case. In accordance with PEF's base rate settlement agreement, PEF will have the discretion to reduce the cost of removal component of amortization expense in 2011 and 2012, subject to limitations (See Note 7C).

Depreciation, amortization and accretion expense was $502 million for 2009, which represents an increase of $196 million compared to 2008, primarily due to higher nuclear cost-recovery amortization of $155 million. In aggregate, depreciation, amortization and accretion expenses recoverable through base rates and the ECRC increased $31 million compared to 2008, primarily due to depreciable asset base increases.

Taxes Other Than on Income

Taxes other than on income was $362 million for 2010, which represents a $15 million increase compared to 2009. This increase was primarily due to higher property taxes of $14 million resulting primarily from placing the repowered Bartow Plant in service in June 2009. Taxes other than on income was $347 million for 2009, which represents an increase of $38 million compared to 2008, primarily due to an increase in gross receipts and franchise taxes due to higher operating revenues. Gross receipts and franchise taxes are collected from customers and recorded as revenues and then remitted to the applicable taxing authority. Therefore, these taxes have no material impact on earnings.

Other

Other operating expense was an expense of $4 million and $7 million in 2010 and 2009, respectively, and income of $5 million in 2008. The $7 million expense in 2009 was primarily due to regulatory disallowance of fuel costs. The $5 million income in 2008 was primarily due to gain on land sales.

Total Other Income, Net

Total other income, net was $28 million for 2010, which represents a $72 million decrease compared to 2009. This decrease was primarily due to $63 million unfavorable AFUDC equity related to lower eligible construction project costs, primarily due to placing the repowered Bartow Plant and CAIR projects into service in mid- and late 2009, respectively.

Total other income, net was $100 million for 2009, which represents a $6 million increase compared to 2008. This increase was primarily due to the $16 million of investment gains on certain employee benefit trusts resulting from improved market conditions, partially offset by $5 million lower interest income resulting from lower short-term investment balances and $4 million unfavorable AFUDC equity related to lower eligible construction project costs, primarily due to placing the repowered Bartow Plant into service in 2009.

Total Interest Charges, Net

Total interest charges, net was $258 million for 2010, which represents a $27 million increase compared to 2009. This increase was primarily due to $14 million unfavorable AFUDC debt related to costs associated with eligible construction projects as discussed above and $16 million higher interest driven by higher average long-term debt outstanding.

Total interest charges, net was $231 million in 2009, which represents an increase of $23 million compared to 2008. The increase in interest charges was primarily due to higher interest as a result of higher average debt outstanding.

Income Tax Expense

Income tax expense was $276 million, $209 million and $181 million in 2010, 2009 and 2008, respectively. The $67 million income tax expense increase in 2010 compared to 2009 was primarily due to the $24 million impact of the unfavorable AFUDC equity discussed above, the $23 million impact of higher pre-tax income and the $10 million impact of the change in the tax treatment of the Medicare Part D subsidy resulting from federal health care reform enacted earlier in 2010 (See Note 16). AFUDC equity is excluded from the calculation of income tax expense. As previously discussed, management does not consider the change in the tax treatment of the Medicare Part D subsidy to be representative of PEF's fundamental core earnings. Accordingly, the impact of the change in the tax treatment of the Medicare Part D subsidy is excluded in computing PEF's Ongoing Earnings.

The $28 million income tax expense increase in 2009 compared to 2008 was primarily due to the $40 million impact of higher pre-tax income compared to the prior year, partially offset by the $11 million impact of the favorable tax benefit related to a deduction triggered by the transfer of previously funded amounts from the nonqualified NDT fund to the qualified NDT fund.

CORPORATE AND OTHER

The Corporate and Other segment primarily includes the operations of the Parent, PESC and other miscellaneous nonregulated businesses (Corporate and Other) that do not separately meet the quantitative disclosure requirements as a reportable business segment. A discussion of the items excluded from Corporate and Other's Ongoing Earnings is included in the detailed discussion and analysis below. Management believes the excluded items are not representative of our fundamental core earnings. The following table reconciles Corporate and Other's Ongoing Earnings to GAAP net income attributable to controlling interests:

(in millions)	2010	Change	2009	Change	2008
Other interest expense	$ (298)	$ (52)	$ (246)	$ (31)	$ (215)
Other income tax benefit	116	19	97	6	91
Other expense	(9)	(4)	(5)	9	(14)
Ongoing Earnings	(191)	(37)	(154)	(16)	(138)
CVO mark-to-market	-	(19)	19	19	-
Impairment, net of tax	-	2	(2)	(2)	-
Valuation allowance and related net operating loss carry forward	-	-	-	3	(3)
Discontinued operations attributable to controlling interests, net of tax	(4)	75	(79)	(136)	57
Net loss attributable to controlling interests	$ (195)	$ 21	$ (216)	(132)	$ (84)

OTHER INTEREST EXPENSE

Other interest expense was $298 million, $246 million and $215 million for 2010, 2009 and 2008, respectively. The $52 million increase for 2010 compared to 2009 and the $31 million increase for 2009 compared to 2008 were primarily due to higher average debt outstanding at the Parent.

OTHER INCOME TAX BENEFIT

Other income tax benefit was $116 million, $97 million and $91 million for 2010, 2009 and 2008, respectively. The $19 million increase for 2010 compared to 2009 was primarily due to the favorable tax impact of higher pre-tax loss. The $6 million increase for 2009 compared to 2008 was primarily due to the favorable tax impact of higher pre-tax loss, partially offset by the unfavorable impact at the Corporate level resulting from the deductions taken by the Utilities related to NDT funds (See "Progress Energy Carolinas – Income Tax Expense" and "Progress Energy Florida – Income Tax Expense").

OTHER EXPENSE

Other expense was $9 million, $5 million and $14 million for 2010, 2009 and 2008, respectively. The $9 million change for 2009 compared to 2008 was primarily due to investment gains on certain employee benefit trusts resulting from improved financial market conditions in 2009.

ONGOING EARNINGS ADJUSTMENTS

CVO Mark-to-Market

Progress Energy issued 98.6 million contingent value obligations (CVOs) in connection with the acquisition of Florida Progress Corporation (Florida Progress) in 2000. Each CVO represents the right of the holder to receive contingency payments based on the performance of four synthetic fuels facilities purchased by subsidiaries of Florida Progress in October 1999. The payments are based on the net after-tax cash flows the facilities generate (See Note 15). The CVOs had a fair value of $15 million at December 31, 2010 and 2009 and $34 million at December 31, 2008. Progress Energy recorded unrealized gains of $19 million in 2009 to record the change in fair value of the CVOs, which had average unit prices of $0.16 at December 31, 2010 and 2009 and $0.35 at December 31, 2008. The unrealized gain/loss recognized due to changes in fair value is recorded in other, net on the Consolidated

Statements of Income. Because Progress Energy is unable to predict the changes in the fair value of the CVOs, management does not consider this adjustment to be representative of our fundamental core earnings.

Impairment, Net of Tax

We recorded a $3 million impairment of investments in 2009. The impairment was recorded in other, net on the Consolidated Statements of Income. Management does not consider impairments to be representative of our fundamental core earnings.

Valuation Allowance and Related Net Operating Loss Carry Forward

We previously recorded a deferred tax asset for a state net operating loss carry forward upon the sale of our nonregulated generating facilities and energy marketing and trading operations. In 2008, we recorded an additional $6 million deferred tax asset related to the state net operating loss carry forward due to a change in estimate based on 2007 tax return filings. We also evaluated the total state net operating loss carry forward and recorded a partial valuation allowance of $9 million, which more than offset the change in estimate. Management does not consider net valuation allowances to be representative of our fundamental core earnings.

Discontinued Operations Attributable to Controlling Interests, Net of Tax

We completed our business strategy of divesting of nonregulated businesses to reduce our business risk and focus on core operations of the Utilities. See Note 3 for additional information related to discontinued operations. We recognized $4 million and $79 million of loss from discontinued operations attributable to controlling interests, net of tax, for 2010 and 2009, respectively and $57 million of income from discontinued operations attributable to controlling interests, net of tax for 2008. Management does not consider operating results of discontinued operations to be representative of our fundamental core earnings.

In 2009, we recognized $79 million of expense from discontinued operations attributable to controlling interests, net of tax, which was primarily due to a jury delivering a verdict in a lawsuit against Progress Energy and a number of our subsidiaries and affiliates previously engaged in coal-based solid synthetic fuels operations (See Note 22D). As a result, we recorded an after-tax charge of $74 million to discontinued operations, which was net of a previously recorded indemnification liability.

In 2008, we recognized $57 million of income from discontinued operations attributable to controlling interests, net of tax, which was comprised primarily of $49 million after-tax gains on sales of our coal terminals and docks in West Virginia and Kentucky and our remaining coal mining businesses.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepared our Consolidated Financial Statements in accordance with GAAP. In doing so, we made certain estimates that were critical in nature to the results of operations. The following discusses those significant accounting policies and estimates that may have a material impact on our financial results and are subject to the greatest amount of subjectivity. We have discussed the development and selection of these critical accounting policies and estimates with the Audit and Corporate Performance Committee (Audit Committee) of our board of directors.

IMPACT OF UTILITY REGULATION

Our regulated utilities segments are subject to regulation that sets the prices (rates) we are permitted to charge customers based on the costs that regulatory agencies determine we are permitted to recover. At times, regulators permit the future recovery through rates of costs that would be currently charged to expense by a nonregulated company. The application of GAAP for regulated operations to this ratemaking process results in deferral of expense recognition and the recording of regulatory assets based on anticipated future cash inflows. As a result of the different ratemaking processes in each state in which we operate, a significant amount of regulatory assets has been recorded. We continually review these regulatory assets to assess their ultimate recoverability within the approved regulatory guidelines. Impairment risk associated with these assets relates to potentially adverse legislative, judicial or regulatory actions in the future. Additionally, the state regulatory agencies' ratemaking processes often provide flexibility in the manner and timing of the depreciation of property, nuclear decommissioning costs and amortization of the regulatory assets.

Our conclusion that we and the Utilities meet the criteria to apply GAAP for regulated operations is a material assumption in the presentation and evaluation of our and the Utilities' financial position and results of operations. The Utilities' ability to continue to meet the criteria for application of GAAP for regulated operations could be affected in the future by actions of our regulators, competitive forces and restructuring in the electric utility industry. State regulators may not allow the Utilities to increase future retail rates required to recover their operating costs or provide an adequate return on investment, or in the manner requested. State regulators may also seek to reduce or freeze retail rates. Such events occurring over a sustained period could result in the Utilities no longer meeting the criteria for the continued application of GAAP for regulated operations. In the event that GAAP for regulated operations no longer applies to one or both of the Utilities, we are subject to the risk that regulatory assets and liabilities would be eliminated and utility plant assets may be impaired, unless an appropriate recovery mechanism was provided. Additionally, our financial condition, cash flows and results of operations may be adversely impacted. See Note 7 for additional information related to the impact of utility regulation on our operations.

We evaluate the carrying value of long-lived assets and intangible assets with definite lives for impairment whenever impairment indicators exist. If an impairment indicator exists, the asset group held and used is tested for recoverability by comparing the carrying value to the sum of undiscounted expected future cash flows directly attributable to the asset group. If the asset group is not recoverable through undiscounted cash flows or if the asset group is to be disposed of, an impairment loss is recognized for the difference between the carrying value and the fair value of the asset group. Our exposure to potential impairment losses for utility plant, net is mitigated by the fact that our regulated ratemaking process generally allows for recovery of our investment in utility plant plus an allowed return on the investment, as long as the costs are prudently incurred. The carrying values of our total utility plant, net at December 31 were as follows:

(in millions)	**2010**	2009
Progress Energy	**$ 21,240**	$ 19,733
PEC	**10,961**	9,886
PEF	**10,189**	9,733

As discussed in Note 13, our financial assets and liabilities are primarily comprised of derivative financial instruments and marketable debt and equity securities held in our nuclear decommissioning trusts. Substantially all unrealized gains and losses on derivatives and all unrealized gains and losses on nuclear decommissioning trust investments are deferred as regulatory liabilities or assets consistent with ratemaking treatment. Therefore, the

impact of fair value measurements from recurring financial assets and liabilities on our or the Utilities' earnings is not significant.

ASSET RETIREMENT OBLIGATIONS

Asset Retirement Obligations (AROs) represent legal obligations associated with the retirement of certain tangible long-lived assets. The present values of retirement costs for which we have a legal obligation are recorded as liabilities with an equivalent amount added to the asset cost and depreciated over the useful life of the associated asset. The liability is then accreted over time by applying an interest method of allocation to the liability.

AROs have no impact on the income of the Utilities as the effects are offset by the establishment of regulatory assets and regulatory liabilities in order to reflect the ratemaking treatment of the related costs.

Progress Energy's, PEC's and PEF's total AROs at December 31, 2010, were $1.200 billion, $849 million, and $351 million, respectively. We calculated the present value of our AROs based on estimates which are dependent on subjective factors such as management's estimated retirement costs, the timing of future cash flows and the selection of appropriate discount and cost escalation rates. These underlying assumptions and estimates are made as of a point in time and are subject to change. These changes could materially affect the AROs, although changes in such estimates should not affect earnings, because these costs are expected to be recovered through rates.

Nuclear decommissioning AROs represent 95 percent, 97 percent, and 90 percent, respectively, of Progress Energy's, PEC's and PEF's total AROs at December 31, 2010. To determine nuclear decommissioning AROs, we utilize periodic site-specific cost studies in order to estimate the nature, cost and timing of planned decommissioning activities for our nuclear plants. Our regulators require updated cost estimates for nuclear decommissioning every five years. These cost studies are subject to change based on a variety of factors including, but not limited to, cost escalation, changes in technology applicable to nuclear decommissioning and changes in federal, state or local regulations. Changes in PEC's and PEF's nuclear decommissioning site-specific cost estimates or the use of alternative cost escalation or discount rates could be material to the nuclear decommissioning liabilities recognized.

PEC obtained updated cost studies for its nuclear plants in 2009, using 2009 cost factors, which PEC filed with the NCUC in 2010. If the site-specific cost estimates increased by 10 percent, PEC's AROs would have increased by $77 million. If the inflation adjustment increased 25 basis points, PEC's AROs would have increased by $169 million. Similarly, an increase in the discount rate of 25 basis points would have decreased PEC's AROs by $56 million.

PEF obtained an updated cost study for its nuclear plant in 2008, using 2008 cost factors, which PEF filed with the FPSC in 2009 as part of PEF's base rate filing. As discussed in Note 4C, the FPSC deferred review of PEF's nuclear decommissioning study from the rate case to be addressed in 2010 in order for FPSC staff to assess PEF's study in combination with other utilities anticipated to submit nuclear decommissioning studies in 2010. PEF was not required to prepare a new site-specific nuclear decommissioning study in 2010; however, PEF was required to update the 2008 study with the most currently available escalation rates in 2010, which was filed with the FPSC in December 2010. If the site-specific cost estimates increased by 10 percent, PEF's AROs would have increased by $32 million. If the inflation adjustment increased 25 basis points, PEF's AROs would have increased by $25 million. Similarly, an increase in the discount rate of 25 basis points would have decreased PEF's AROs by $21 million.

GOODWILL

As discussed in Note 8, goodwill is required to be tested for impairment at least annually and more frequently when indicators of impairment exist. All of our goodwill is allocated to our utility reporting units and our goodwill impairment tests are performed at the utility reporting unit level. The carrying amounts of goodwill at December 31, 2010 and 2009, for the PEC and PEF reporting units were $1.922 billion and $1.733 billion, respectively.

As discussed in Note 1D, in October 2010 we prospectively changed our annual goodwill testing date from April 1 to October 31 to better align our impairment testing procedures with the completion of our annual financial and strategic planning process. As a result, during 2010, we tested our goodwill for impairment as of October 31, 2010 and April 1, 2010, and concluded there was no impairment of the carrying value of the goodwill. If the estimated fair values of PEC and PEF on those dates had been lower by 10 percent, there still would be no impact on the reported

value of their goodwill. In addition, based on the results of impairment tests performed in April 2009 and April 2008, we concluded there was no impairment of the carrying value of the goodwill in the prior periods presented in the consolidated financial statements. This change in accounting principle did not accelerate, delay, avoid, or cause a goodwill impairment charge.

We calculate the fair value of our utility reporting units by considering various factors, including valuation studies based primarily on income and market approaches. More emphasis is applied to the income approach as substantially all of the Utilities' cash flows are from rate-regulated operations. In such environments, revenue requirements are adjusted periodically by regulators based on factors including levels of costs, sales volumes and costs of capital. Accordingly, the Utilities operate to some degree with a buffer from the direct effects, positive or negative, of significant swings in market or economic conditions.

The income approach uses discounted cash flow analyses to determine the fair value of the utility reporting units. The estimated future cash flows from operations are based on the Utilities' business plans, which reflect management's assumptions related to customer usage based on internal data and economic data obtained from third-party sources. The business plans assume the occurrence of certain events in the future, such as the outcome of future rate filings, future approved rates of returns on equity, the timing of anticipated significant future capital investments, the anticipated earnings and returns related to such capital investments, continued recovery of cost of service and the renewal of certain contracts. Management also determines the appropriate discount rate for the utility reporting units based on the weighted average cost of capital for each utility, which takes into account both the cost of equity and pre-tax cost of debt. As each utility reporting unit has a different risk profile based on the nature of its operations, the discount rate for each reporting unit may differ.

The market approach uses implied market multiples derived from comparable peer utilities and market transactions to estimate the fair value of the utility reporting units. Peer utilities are evaluated based on percentage of revenues generated by regulated utility operations; percentage of revenues generated by electric operations; generation mix, including coal, gas, nuclear and other resources; market capitalization as of the valuation date; and geographic location. Comparable market transactions are evaluated based on the availability of financial transaction data and the nature and geographic location of the businesses or assets acquired, including whether the target company had a significant electric component. The selection of comparable peer utilities and market transactions, as well as the appropriate multiples from within a reasonable range, is a matter of professional judgment.

The calculations in both the income and market approaches are highly dependent on subjective factors such as management's estimate of future cash flows, the selection of appropriate discount and growth rates from a marketplace participant's perspective, and the selection of peer utilities and marketplace transactions for comparative valuation purposes. These underlying assumptions and estimates are made as of a point in time. If these assumptions change or should the actual outcome of some or all of these assumptions differ significantly from the current assumptions, the fair value of the utility reporting units could be significantly different in future periods, which could result in a future impairment charge to goodwill.

As an overall test of the reasonableness of the estimated fair values of the utility reporting units, we compared their combined fair value estimate to Progress Energy's market capitalization as of October 31, 2010 and April 1, 2010. The analyses confirmed that the fair values were reasonably representative of market views when applying a reasonable control premium to the market capitalization.

We monitor for events or circumstances, including financial market conditions and economic factors, that may indicate an interim goodwill impairment test is necessary. We would perform an interim impairment test should any events occur or circumstances change that would more likely than not reduce the fair value of a utility reporting unit below its carrying value. As a result of the Merger Agreement discussed within MD&A – "Introduction – Merger" and in Note 25, we considered whether an interim goodwill impairment test was necessary. Based upon reasonable allocations of the Merger consideration to PEC and PEF, we concluded their fair values exceeded their carrying values, and no interim impairment test was necessary.

UNBILLED REVENUE

As discussed in Note 1, we recognize electric utility revenues as service is rendered to customers. Operating revenues include unbilled electric utilities base revenues, primarily related to retail base revenues, earned when service has been delivered but not billed by the end of the accounting period. The determination of electricity sales to individual customers is based on meter readings, which occur on a systematic basis throughout the month. At the end of each month, electricity delivered to customers since the last meter reading is estimated and a corresponding accrual for the electric utility revenues associated with unbilled sales is recognized. Unbilled retail revenues are estimated by applying a weighted average revenue/kWh for all customer classes to the number of estimated kWh delivered but not billed. The calculation of unbilled revenue is affected by factors that include fluctuations in energy demand for the unbilled period, seasonality, weather, customer usage patterns, price in effect for each customer class and estimated transmission and distribution line losses.

Amounts recorded as receivables on the Balance Sheets at December 31 related to unbilled revenues were as follows:

(in millions)	2010	2009
Progress Energy	$ 223	$ 193
PEC	136	125
PEF	87	68

INCOME TAXES

Judgment and the use of estimates are required in developing the provision for income taxes and reporting of tax-related assets and liabilities. As discussed in Note 14, deferred income tax assets and liabilities represent the future effects on income taxes for temporary differences between the bases of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The probability of realizing deferred tax assets is based on forecasts of future taxable income and the availability of tax-planning strategies that can be implemented, if necessary, to realize deferred tax assets. We establish a valuation allowance when it is more likely than not that all, or a portion of, a deferred tax asset will not be realized.

The interpretation of tax laws involves uncertainty. Ultimate resolution of income tax matters may result in favorable or unfavorable impacts to net income and cash flows, and adjustments to tax-related assets and liabilities could be material. In accordance with GAAP, the uncertainty and judgment involved in the determination and filing of income taxes are accounted for by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. A two-step process is required: recognition of the tax benefit based on a "more-likely-than-not" threshold, and measurement of the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with the taxing authority.

PENSION COSTS

As discussed in Note 16A, we maintain qualified noncontributory defined benefit retirement (pension) plans. We also have supplementary defined benefit pension plans that provide benefits to higher-level employees. Our reported costs are dependent on numerous factors resulting from actual plan experience and assumptions of future experience. For example, such costs are impacted by employee demographics, changes made to plan provisions, actual plan asset returns and key actuarial assumptions, such as expected long-term rates of return on plan assets and discount rates used in determining benefit obligations and annual costs.

Due to a decrease in the market interest rates for high-quality (AAA/AA) debt securities, which are used as the benchmark for setting the discount rate to calculate the present value of future benefit payments, we decreased the discount rate to 5.65% at December 31, 2010, from 6.00% at December 31, 2009, which will increase 2011 pension costs, all other factors remaining constant. Our discount rates are selected based on a plan-by-plan study, which matches our projected benefit payments to a high-quality corporate yield curve. Consistent with general market conditions, our plan assets performed well in 2010 with returns of approximately 13%. That positive asset performance will result in decreased pension costs in 2011, all other factors remaining constant. In addition,

contributions to pension plan assets in late 2010 and in 2011 will result in decreased pension costs in 2011 due to increased asset balances and resulting expected earnings on those assets, all other factors remaining constant. Evaluations of the effects of these and other factors on our 2011 pension costs have not been completed, but we estimate that the total cost recognized for pensions in 2011 will be $70 million to $80 million, compared with $88 million recognized in 2010.

We have pension plan assets with a fair value of approximately $1.9 billion at December 31, 2010. Our expected rate of return on pension plan assets is 8.75%. The expected rate of return used in pension cost recognition is a long-term rate of return; therefore, we do not adjust that rate of return frequently. In 2009, we lowered the expected rate of return from the previously used 9.00%, due primarily to the uncertainties resulting from the severe capital market deterioration in 2008. A 25 basis point change in the expected rate of return for 2010 would have changed 2010 pension costs by approximately $4 million. For 2011, we have assumed an expected rate of return of 8.50%, which was reflected in the estimates of total pension costs discussed within this section.

Another factor affecting our pension costs, and sensitivity of the costs to plan asset performance, is the method selected to determine the market-related value of assets, i.e., the asset value to which the 8.75% expected long-term rate of return is applied. Entities may use either fair value or an averaging method that recognizes changes in fair value over a period not to exceed five years, with the method selected applied on a consistent basis from year to year. We have historically used a five-year averaging method. When we acquired Florida Progress in 2000, we retained the Florida Progress historical use of fair value to determine market-related value for Florida Progress pension assets. Changes in plan asset performance are reflected in pension costs sooner under the fair value method than the five-year averaging method, and, therefore, pension costs tend to be more volatile using the fair value method. Approximately 50 percent of our pension plan assets are subject to each of the two methods.

Since PEC and PEF participate in our pension plans, the general discussion above applies to PEC and PEF. PEC and PEF have not completed evaluating their 2011 pension costs. PEC estimates that the total cost recognized for pensions in 2011 will be $20 million to $25 million, compared with $28 million recognized in 2010. A 25 basis point change in the expected rate of return for 2010 would have changed PEC's 2010 pension costs by approximately $2 million. PEF estimates that the total cost recognized for pensions in 2011 will be $35 million to $40 million, compared with $44 million recognized in 2010. A 25 basis point change in the expected rate of return for 2010 would have changed PEF's 2010 pension costs by approximately $2 million.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Our significant cash requirements arise primarily from the capital-intensive nature of the Utilities' operations, including expenditures for environmental compliance. We typically rely upon our operating cash flow, substantially all of which is generated by the Utilities, commercial paper and credit facilities, and our ability to access the long-term debt and equity capital markets for sources of liquidity. As discussed in "Future Liquidity and Capital Resources" below, synthetic fuels tax credits will provide an additional source of liquidity as those credits are realized.

The majority of our operating costs are related to the Utilities. Most of these costs are recovered from ratepayers in accordance with various rate plans. We are allowed to recover certain fuel, purchased power and other costs incurred by PEC and PEF through their respective recovery clauses. The types of costs recovered through clauses vary by jurisdiction. Fuel price volatility and plant performance can lead to over- or under-recovery of fuel costs, as changes in fuel expense are not immediately reflected in fuel surcharges due to regulatory lag in setting the surcharges. As a result, fuel price volatility and plant performance can be both a source of and a use of liquidity resources, depending on what phase of the cycle of price volatility we are experiencing and/or how our plants are performing. Changes in the Utilities' fuel and purchased power costs may affect the timing of cash flows, but not materially affect net income.

As a registered holding company, our establishment of intercompany extensions of credit is subject to regulation by the Federal Energy Regulatory Commission (FERC). Our subsidiaries participate in internal money pools, administered by PESC, to more effectively utilize cash resources and reduce external short-term borrowings. The utility money pool allows the Utilities to lend to and borrow from each other. A non-utility money pool allows our nonregulated operations to lend to and borrow from each other. The Parent can lend money to the utility and non-utility money pools but cannot borrow funds.

The Parent is a holding company with $4.7 billion of senior unsecured debt following its issuance of $500 million of senior unsecured debt on January 21, 2011. As a holding company, the Parent has no revenue-generating operations of its own. The primary cash needs at the Parent level are our common stock dividend, interest and principal payments on the Parent's senior unsecured debt and potentially funding the Utilities' capital expenditures through equity contributions. The Parent's ability to meet these needs is typically funded with dividends from the Utilities generated from their earnings and cash flows, and to a lesser extent, dividends from other subsidiaries; repayment of funds due to the Parent by its subsidiaries; the Parent's credit facility; and/or the Parent's ability to access the short-term and long-term debt and equity capital markets. In recent years, rather than paying dividends to the Parent, the Utilities, in certain cases, have retained their free cash flow to fund their capital expenditures. During 2010, PEC paid dividends of $100 million and PEF paid dividends of $50 million to the Parent. PEC and PEF expect to pay dividends to the Parent in 2011. There are a number of factors that impact the Utilities' decision or ability to pay dividends to the Parent or to seek equity contributions from the Parent, including capital expenditure decisions and the timing of recovery of fuel and other pass-through costs. Therefore, we cannot predict the level of dividends or equity contributions between the Utilities and the Parent from year to year. The Parent could change its existing common stock dividend policy based upon these and other business factors.

Cash from operations, commercial paper issuance, borrowings under our credit facilities and/or long-term debt financings are expected to fund capital expenditures, long-term debt maturities and common stock dividends for 2011. We do not expect to realize a material amount of proceeds from the sale of equity in 2011 (See "Financing Activities").

We have 24 financial institutions that support our combined $2.0 billion revolving credit facilities for the Parent, PEC and PEF, thereby limiting our dependence on any one institution. The credit facilities serve as back-ups to our commercial paper programs. To the extent amounts are reserved for commercial paper or letters of credit outstanding, they are not available for additional borrowings. At December 31, 2010, the Parent had no outstanding borrowings under its credit facility, no outstanding commercial paper and had issued $31 million of letters of credit, which were supported by the revolving credit facility. At December 31, 2010, PEC and PEF had no outstanding

borrowings under their respective credit facilities and no outstanding commercial paper. Based on these outstanding amounts at December 31, 2010, there was a combined $1.969 billion available for additional borrowings.

At December 31, 2010, PEC and PEF had limited counterparty mark-to-market exposure for financial commodity hedges (primarily gas and oil hedges) due to spreading our concentration risk over a number of counterparties. In the event of default by a counterparty, the exposure in the transaction is the cost of replacing the agreements at current market rates. At December 31, 2010, the majority of the Utilities' open financial commodity hedges were in net mark-to-market liability positions. See Note 17A for additional information with regard to our commodity derivatives.

At December 31, 2010, we had limited mark-to-market exposure to certain financial institutions under pay-fixed forward starting swaps to hedge cash flow risk with regard to future financing transactions for the Parent, PEC and PEF. In the event of default by a counterparty, the exposure in the transaction is the cost of replacing the agreements at current market rates. At December 31, 2010, the sums of the Parent's, PEC's and PEF's open pay-fixed forward starting swaps were each in a net mark-to-market liability position. See Note 17B for additional information with regard to our interest rate derivatives.

On July 21, 2010, the Wall Street Reform and Consumer Protection Act (H.R. 4173) was signed into law. Among other things, the law includes provisions related to the swaps and over-the-counter derivatives markets. Under the law, we expect to be exempt from mandatory clearing and exchange trading requirements for our commodity and interest rate hedges because we are an end user of these products. Capital and margin requirements for these hedges are expected to be determined as more detailed rules and regulations are published during 2011. At this time, we do not expect the law to have a material impact on our financial condition. However, we cannot determine the impact until the final regulations are issued.

Our pension and nuclear decommissioning trust funds are managed by a number of financial institutions, and the assets being managed are diversified in order to limit concentration risk in any one institution or business sector.

We believe our internal and external liquidity resources will be sufficient to fund our current business plans. We will continue to monitor the credit markets to maintain an appropriate level of liquidity. Our ability to access the capital markets on favorable terms may be negatively impacted by credit rating actions. Risk factors associated with the capital markets and credit ratings are discussed below and in Item 1A, "Risk Factors."

The following discussion of our liquidity and capital resources is on a consolidated basis.

HISTORICAL FOR 2010 AS COMPARED TO 2009 AND 2009 AS COMPARED TO 2008

CASH FLOWS FROM OPERATIONS

Net cash provided by operations is the primary source used to meet operating requirements and a portion of capital expenditures. The Utilities produced substantially all of our consolidated cash from operations for the years ended December 31, 2010, 2009 and 2008. Net cash provided by operating activities for the three years ended December 31, 2010, 2009 and 2008, was $2.537 billion, $2.271 billion and $1.218 billion, respectively.

Net cash provided by operating activities increased $266 million for 2010, when compared to 2009. The increase was primarily due to the $203 million favorable impact of weather, partially offset by $78 million higher nuclear plant outage and maintenance costs included in O&M, both as previously discussed; $197 million lower cash used for inventory, primarily due to higher coal consumption in 2010 as a result of favorable weather that was fulfilled through the 2010 usage of inventory from year-end 2009; $154 million payment in 2009 due to a verdict in a lawsuit against Progress Energy and a number of our subsidiaries and affiliates previously engaged in coal-based solid synthetic fuels operations (See Note 22D); $56 million net cash receipts for income taxes in 2010 compared to $87 million net cash payments for income taxes in 2009; and $121 million lower cash used for pension and other benefits, primarily due to a reduction of contributions made in 2010. These amounts were partially offset by a $2 million under-recovery of fuel in 2010 compared to a $290 million over-recovery of fuel in 2009 due to higher fuel costs and lower fuel rates in 2010 and $23 million of net payments of cash collateral to counterparties on derivative contracts in 2010 compared to $200 million net refunds of cash collateral in 2009.

Net cash provided by operating activities for 2009 increased when compared with 2008. The $1.053 billion increase in operating cash flow was primarily due to a $290 million over-recovery of fuel in 2009 compared to a $333 under-recovery of fuel in 2008 due to higher fuel rates in 2009 and $340 million of cash collateral paid to counterparties on derivative contracts in 2008 compared to $200 million net refunds of cash collateral in 2009. These impacts were partially offset by $221 million of pension and other benefits contributions made in 2009.

The Utilities file annual requests with their respective state commissions seeking rate increases or decreases for fuel cost under- or over-recovery.

INVESTING ACTIVITIES

Net cash used by investing activities for the three years ended December 31, 2010, 2009 and 2008, was $2.400 billion, $2.532 billion and $2.541 billion, respectively.

Net cash used by investing activities decreased by $132 million for 2010, when compared to 2009. This decrease was primarily due to a $74 million decrease in gross property additions, primarily due to lower spending for environmental compliance and nuclear projects at PEF, partially offset by PEC's increased capital expenditures at the Wayne County, New Hanover County and Harris generating facilities; and a $62 million increase in cash provided by other investing activities primarily due to the receipt of Nuclear Electric Insurance Limited (NEIL) insurance proceeds for repairs due to the CR3 extended outage (See "Future Liquidity and Capital Resources – Regulatory Matters and Recovery of Costs – CR3 Outage").

Excluding proceeds from sales of discontinued operations and other assets, net of cash divested of $1 million in 2009 and $72 million in 2008, which are presented in other investing activities on the Consolidated Statements of Cash Flows, cash used in investing activities decreased by $80 million. The decrease in 2009 was primarily due to a $24 million decrease in gross property additions at the Utilities, primarily due to lower spending for environmental compliance projects and the completion of PEF's Bartow Plant repowering project in 2009; a $22 million decrease in nuclear fuel additions; and a $20 million decrease in net purchases of available-for-sale securities and other investments. Available-for-sale securities and other investments include marketable debt securities and investments held in nuclear decommissioning trusts.

During 2008, proceeds from sales of discontinued operations and other assets primarily included proceeds of $63 million from the sale of our coal terminals and docks and our remaining coal mining businesses (See Notes 3A and 3B).

FINANCING ACTIVITIES

Net cash (used) provided by financing activities for the three years ended December 31, 2010, 2009 and 2008, was $(251) million, $806 million and $1.248 billion, respectively. See Note 11 for details of debt and credit facilities.

Net cash used by financing activities increased by $1.057 billion for 2010 when compared to 2009. The increase was primarily due to the $1.687 billion reduction in proceeds from long-term debt issuances, net primarily due to the Parent's combined $1.700 billion issuances and PEC's $600 million issuance in 2009 compared to PEF's $600 million issuance of long-term debt in 2010; partially offset by the Parent's payments of $629 million on short-term debt with original maturities greater than 90 days in 2009.

Net cash provided by financing activities decreased by $442 million for 2009 when compared to 2008. The decrease is primarily due to a $1.082 billion increase in net payments on short-term debt with original maturities greater than 90 days, primarily driven by the Parent's repayment of prior-year borrowings under its revolving credit agreements (RCAs) and an $877 million net decrease in short-term indebtedness, primarily driven by commercial paper repayments; partially offset by a $491 million increase in proceeds from the issuance of common stock, primarily related to the Parent's January 2009 common stock offering; a $481 million increase in net proceeds from long-term debt issuances due to the Parent's combined $1.700 billion issuances and PEC's $600 million issuance in 2009 compared to PEF's $1.500 billion issuance and PEC's $325 million issuance in 2008; and a $477 million decrease in payments at maturity of long-term debt.

Our financing activities are described below.

2011

- On January 21, 2011, the Parent issued $500 million of 4.40% Senior Notes due 2021. We expect to use the net proceeds, along with available cash on hand, to retire at maturity the $700 million outstanding aggregate principal balance of our 7.10% Senior Notes due March 1, 2011.

2010

- On January 15, 2010, the Parent paid at maturity $100 million of its Series A Floating Rate Notes with a portion of the proceeds from the $950 million of Senior Notes issued in November 2009.

- On March 25, 2010, PEF issued $250 million of 4.55% First Mortgage Bonds due 2020 and $350 million of 5.65% First Mortgage Bonds due 2040. Proceeds were used to repay the outstanding balance of PEF's notes payable to affiliated companies, to repay the maturity of PEF's $300 million 4.50% First Mortgage Bonds due June 1, 2010, and for general corporate purposes.

- On October 15, 2010, PEC and PEF each entered into new $750 million, three-year RCAs with a syndication of 22 financial institutions. The RCAs are used to provide liquidity support for PEC's and PEF's issuances of commercial paper and other short-term obligations, and for general corporate purposes. The RCAs will expire on October 15, 2013. The new $750 million RCAs replaced PEC's and PEF's $450 million RCAs, which were set to expire June 28, 2011 and March 28, 2011, respectively. Both $450 million RCAs were terminated effective October 15, 2010 (See "Credit Facilities and Registration Statements").

- On October 15, 2010, the Parent ratably reduced the size of its $1.130 billion credit facility to $500 million with the existing group of 15 financial institutions (See "Credit Facilities and Registration Statements").

- Progress Energy issued approximately 12.2 million shares of common stock resulting in approximately $434 million in proceeds from the Progress Energy Investor Plus Plan (IPP) and its employee benefit and equity incentive plans. Included in these amounts were approximately 11.2 million shares for proceeds of approximately $431 million issued for the IPP. For 2010, the dividends paid on common stock were approximately $718 million.

2009

- On January 12, 2009, the Parent issued 14.4 million shares of common stock at a public offering price of $37.50 per share. Net proceeds from this offering were approximately $523 million. On February 3, 2009, the Parent used $100 million of the proceeds to reduce its $600 million RCA balance outstanding at December 31, 2008, and the remainder was used for general corporate purposes.

- On January 15, 2009, PEC issued $600 million of First Mortgage Bonds, 5.30% Series due 2019. A portion of the proceeds was used to repay the maturity of PEC's $400 million 5.95% Senior Notes, due March 1, 2009. The remaining proceeds were used to repay PEC's outstanding short-term debt and for general corporate purposes.

- On March 19, 2009, the Parent issued an aggregate $750 million of Senior Notes consisting of $300 million of 6.05% Senior Notes due 2014 and $450 million of 7.05% Senior Notes due 2019. A portion of the proceeds was used to fund PEF's capital expenditures through an equity contribution with the remaining proceeds used for general corporate purposes.

- On June 18, 2009, PEC entered into a Seventy-seventh Supplemental Indenture to its Mortgage and Deed of Trust, dated May 1, 1940, as supplemented, in connection with certain amendments to the mortgage. The amendments are set forth in the Seventy-seventh Supplemental Indenture and include an amendment to extend the maturity date of the mortgage by 100 years. The maturity date of the mortgage is now May 1, 2140.

- On November 19, 2009, the Parent issued an aggregate $950 million of Senior Notes consisting of $350 million of 4.875% Senior Notes due 2019 and $600 million of 6.00% Senior Notes due 2039. The proceeds were used to retire at maturity the $100 million outstanding Series A Floating Rate Notes due January 15, 2010, to repay outstanding commercial paper balances, to pre-fund a portion of the $700 million aggregate principal amount due upon maturity of our 7.10% Senior Notes due March 1, 2011, and for general corporate purposes.

- During 2009, we repaid the November 2008 $600 million borrowing under our RCA.

- Progress Energy issued approximately 3.1 million shares of common stock resulting in approximately $100 million in proceeds from its IPP and its employee benefit and equity incentive plans. Included in these amounts were approximately 2.5 million shares for proceeds of approximately $100 million issued for the Progress Energy 401(k) Savings & Stock Ownership Plan (401(k)) and the IPP. For 2009, the dividends paid on common stock were approximately $693 million.

2008

- On February 1, 2008, PEF paid at maturity $80 million of its 6.875% First Mortgage Bonds with available cash on hand and commercial paper borrowings.

- On March 12, 2008, PEC and PEF amended their RCAs with a syndication of financial institutions to extend the termination date by one year. The extensions were effective for both utilities on March 28, 2008. PEC's RCA was extended to June 28, 2011, and PEF's RCA was extended to March 28, 2011. These credit facilities were terminated on October 15, 2010 (See "Credit Facilities and Registration Statements").

- On March 13, 2008, PEC issued $325 million of First Mortgage Bonds, 6.30% Series due 2038. The proceeds were used to repay the maturity of PEC's $300 million 6.65% Medium-Term Notes, Series D, due April 1, 2008, and the remainder was placed in temporary investments for general corporate use as needed.

- On April 14, 2008, the Parent amended its RCA with a syndication of financial institutions to extend the termination date by one year. The extension was effective on May 2, 2008. The RCA is now scheduled to expire on May 3, 2012 (See "Credit Facilities and Registration Statements").

- On May 27, 2008, Progress Capital Holdings, Inc., one of our wholly owned subsidiaries, paid at maturity its remaining outstanding debt of $45 million of 6.46% Medium-Term Notes with available cash on hand.

- On June 18, 2008, PEF issued $500 million of First Mortgage Bonds, 5.65% Series due 2018 and $1.000 billion of First Mortgage Bonds, 6.40% Series due 2038. A portion of the proceeds was used to repay PEF's utility money pool borrowings, and the remaining proceeds were placed in temporary investments for general corporate use as needed. On August 14, 2008, PEF redeemed the entire outstanding $450 million principal amount of its Series A Floating Rate Notes due November 14, 2008, at 100 percent of par plus accrued interest. The redemption was funded with a portion of the proceeds from the June 18, 2008 debt issuance.

- On November 3, 2008, the Parent borrowed $600 million under its RCA to reduce rollover risk in the commercial paper markets. The borrowing was repaid during 2009.

- On November 18, 2008, the Parent, as a well-known seasoned issuer, PEC and PEF filed a combined shelf registration statement with the SEC, which became effective upon filing with the SEC. The registration statement is effective for three years and does not limit the amount or number of various securities that can be issued (See "Credit Facilities and Registration Statements").

- Progress Energy issued approximately 3.7 million shares of common stock resulting in approximately $132 million in proceeds from its IPP and its employee benefit and equity incentive plans. Included in these amounts were approximately 3.1 million shares for proceeds of approximately $131 million issued for the 401(k) and the IPP. For 2008, the dividends paid on common stock were approximately $642 million.

SHORT-TERM DEBT

At December 31, 2010, and at the end of each month during 2010, Progress Energy had no outstanding short-term debt.

FUTURE LIQUIDITY AND CAPITAL RESOURCES

Please review "Safe Harbor for Forward-Looking Statements" and Item 1A, "Risk Factors," for a discussion of the factors that may impact any such forward-looking statements made herein.

The Utilities produce substantially all of our consolidated cash from operations. We anticipate that the Utilities will continue to produce substantially all of the consolidated cash flows from operations over the next several years. Our discontinued synthetic fuels operations historically produced significant net earnings from the generation of tax credits (See "Other Matters – Synthetic Fuels Tax Credits"). A portion of these tax credits has yet to be realized in cash due to the difference in timing of when tax credits are recognized for financial reporting purposes and realized for tax purposes. At December 31, 2010, we have carried forward $836 million of deferred tax credits. Realization of these tax credits is dependent upon our future taxable income, which is expected to be generated primarily by the Utilities.

We expect to be able to meet our future liquidity needs through cash from operations, availability under our credit facilities and issuances of commercial paper and long-term debt, which are dependent on our ability to successfully access capital markets.

Credit rating downgrades could negatively impact our ability to access the capital markets and respond to major events such as hurricanes. Our cost of capital could also be higher, which could ultimately increase prices for our customers. It is important for us to maintain our credit ratings and have access to the capital markets in order to reliably serve customers, invest in capital improvements and prepare for our customer's future energy needs (See Item 1A, "Risk Factors").

We typically issue commercial paper to meet short-term liquidity needs. If liquidity conditions deteriorate and negatively impact the commercial paper market, we will need to evaluate other, potentially more expensive, options for meeting our short-term liquidity needs, which may include borrowing under our RCAs, issuing short-term notes and/or issuing long-term debt.

On October 15, 2010, PEC and PEF entered into new three-year RCAs. The Parent's RCA will expire in May 2012, with the exception of approximately $22 million that will expire in May 2011 (See "Credit Facilities and Registration Statements"). In the event we enter into a new credit facility for the Parent, we cannot predict the terms, prices, duration or participants in such facility.

Progress Energy and its subsidiaries have approximately $12.642 billion in outstanding long-term debt, including the $505 million current portion at December 31, 2010. Currently, approximately $860 million of the Utilities' debt obligations, approximately $620 million at PEC and approximately $240 million at PEF, are tax-exempt auction rate securities insured by bond insurance. These tax-exempt bonds have experienced and continue to experience failed auctions. Assuming the failed auctions persist, future interest rate resets on our tax-exempt auction rate bond portfolio will be dependent on the volatility experienced in the indices that dictate our interest rate resets and/or rating agency actions that may lower our tax-exempt bond ratings. In the event of a two notch downgrade of PEC's and/or PEF's senior secured debt rating by S&P, the ratings of such utility's tax-exempt bonds would be below A-, most likely resulting in higher future interest rate resets. In the event of a two notch downgrade by Moody's, PEC's tax-exempt bonds will continue to be rated at or above A3 while PEF's would be below A3, most likely resulting in higher future interest rate resets for PEF's tax-exempt bonds. We will continue to monitor this market and evaluate options to mitigate our exposure to future volatility.

The performance of the capital markets affects the values of the assets held in trust to satisfy future obligations under our defined benefit pension plans. Although a number of factors impact our pension funding requirements, a decline in the market value of these assets may significantly increase the future funding requirements of the obligations under our defined benefit pension plans. We expect to make contributions of $300 million to $400 million directly to pension plan assets in 2011 (See Note 16).

As discussed in "Liquidity and Capital Resources," "Capital Expenditures," and in "Other Matters – Environmental Matters," over the long term, compliance with environmental regulations and meeting the anticipated load growth at the Utilities as described under "Other Matters – Energy Demand" will require the Utilities to make significant capital investments. We may pursue joint ventures or similar arrangements with third parties in order to share some of the financing and operational risks associated with new baseload generation. As discussed in "Other Matters – Nuclear – Potential New Construction," PEF will postpone major capital expenditures for the Levy project until after the NRC issues the COL, which is expected to be in 2013 if the current licensing schedule remains on track.

Certain of our hedge agreements may result in the receipt of, or posting of, derivative collateral with our counterparties, depending on the daily derivative position. Fluctuations in commodity prices that lead to our return of collateral received and/or our posting of collateral with our counterparties negatively impact our liquidity. Substantially all derivative commodity instrument positions are subject to retail regulatory treatment. After settlement of the derivatives and consumption of the fuel, any realized gains or losses are passed through the fuel cost-recovery clause. Changes in natural gas prices and settlements of financial hedge agreements since December 31, 2009, have impacted the amount of collateral posted with counterparties. At December 31, 2010, we had posted approximately $164 million of cash collateral compared to $146 million of cash collateral posted at December 31, 2009. The majority of our financial hedge agreements will settle in 2011 and 2012. Additional commodity market price decreases could result in significant increases in the derivative collateral that we are required to post with counterparties. We continually monitor our derivative positions in relation to market price activity. As discussed in Note 17C, credit rating downgrades could also require us to post additional cash collateral for commodity hedges in a liability position as certain derivative instruments require us to post collateral on liability positions based on our credit ratings.

The amount and timing of future sales of debt securities will depend on market conditions, operating cash flow and our specific liquidity needs. We may from time to time sell securities beyond the amount immediately needed to meet our capital or liquidity requirements in order to prefund our expected maturity schedule, to allow for the early redemption of long-term debt, the redemption of preferred stock, the reduction of short-term debt or for other corporate purposes.

At December 31, 2010, the current portion of our long-term debt was $505 million, including $300 million at PEF. We expect to fund the Parent's $700 million of Senior Notes due March 1, 2011 with a combination of available cash on hand and net proceeds of $495 million from the Parent's issuance of $500 million of 4.40% Senior Notes on January 21, 2011. Accordingly, we classified $495 million of the Parent's $700 million Senior Notes due March 1, 2011 as long-term debt at December 31, 2010. We expect to fund PEF's $300 million current portion of long-term debt with a combination of cash from operations, commercial paper borrowings and/or long-term debt.

REGULATORY MATTERS AND RECOVERY OF COSTS

Regulatory matters, including nuclear cost recovery, as discussed in Note 7 and "Other Matters – Regulatory Environment," and recovery of environmental costs, as discussed in Note 21 and in "Other Matters – Environmental Matters," may impact our future liquidity and financing activities. The impacts of these matters, including the timing of recoveries from ratepayers, can be both a source of and a use of future liquidity resources. Energy legislation enacted in recent years may impact our liquidity over the long term, including, among others, provisions regarding cost recovery, mandated renewable portfolio standards, DSM and EE.

Regulatory developments expected to have a material impact on our liquidity are discussed below.

PEC Cost-Recovery Clause

On June 23, 2010, the SCPSC approved PEC's request for a decrease in the fuel rate charged to its South Carolina ratepayers. The $17 million decrease, effective July 1, 2010, is driven by declining fuel prices.

On November 17, 2010, the NCUC approved PEC's request for a decrease in the fuel rate charged to its North Carolina ratepayers. The $170 million decrease, effective December 1, 2010, is also driven by declining fuel prices.

Also on November 17, 2010, the NCUC approved PEC's request for an increase in the DSM and EE rate charges to its North Carolina ratepayers. The $31 million increase was effective December 1, 2010.

PEC Other Matters

The NCUC has issued Certificates of Public Convenience and Necessity allowing PEC to proceed with plans to construct an approximately 600-MW generating facility at its Richmond County generation site projected to be in service by June 2011; an approximately 950-MW generating facility at a site in Wayne County, N.C., projected to be in service by January 2013; and an approximately 620-MW generating facility at a site in New Hanover County, N.C., projected to be in service by December 2013.

PEF Base Rates

On June 1, 2010, the FPSC approved a settlement agreement between PEF and the interveners, with the exception of the Florida Association for Fairness in Ratemaking, to the 2009 rate case. As part of the settlement, PEF withdrew its motion for reconsideration of the rate case order. Among other provisions, under the terms of the settlement agreement, PEF will maintain base rates at current levels through the last billing cycle of 2012. Among other provisions, the settlement agreement also authorized PEF the opportunity to earn a return on equity (ROE) of up to 11.5 percent and provides that if PEF's actual retail base rate earnings fall below a 9.5 percent ROE on an adjusted or pro forma basis, as reported on a historical 12-month basis during the term of the agreement, PEF may seek general, limited or interim base rate relief, or any combination thereof, subject to certain conditions. The settlement agreement does not preclude PEF from requesting the FPSC to approve the recovery of costs (a) that are of a type which traditionally and historically would be, have been or are presently recovered through cost-recovery clauses or surcharges; or (b) that are incremental costs not currently recovered in base rates, which the legislature or FPSC determines are clause recoverable; or (c) which are recoverable through base rates under the nuclear cost-recovery legislation or the FPSC's nuclear cost-recovery rule. Finally, PEF will be allowed to recover the costs of named storms on an expedited basis after depletion of the storm damage reserve. Specifically, 60 days following the filing of a cost-recovery petition with the FPSC and based on a 12-month recovery period, PEF can begin recovery, subject to refund, through a surcharge of up to $4.00 per 1,000 kWh on monthly residential customer bills for storm costs. In the event the storm costs exceed that level, any excess additional costs will be deferred and recovered in a subsequent year or years as determined by the FPSC. Additionally, the order approving the settlement agreement allows PEF to use the surcharge to replenish the storm damage reserve to $136 million, the level as of June 1, 2010, after storm costs are fully recovered.

PEF Fuel Cost Recovery

On November 1, 2010, PEF filed a request with the FPSC to seek approval to decrease the total fuel cost-recovery by $205 million. This decrease is due to a decrease for the projected recovery through the Capacity Cost-Recovery Clause (CCRC) and for the projected recovery of fuel costs. The decrease in the CCRC is primarily due to the refund of a prior period over-recovery as a result of higher than expected sales in 2010 and lower anticipated costs associated with PEF's proposed Levy Units 1 and 2 Nuclear Power Plants (Levy) in 2011 (See "Other Matters – Nuclear – Potential New Construction"). The decrease in the projected recovery of fuel costs is due to lower expected 2011 fuel costs, partially offset by an under-recovery of 2010 fuel costs. On November 2, 2010 and November 30, 2010, the FPSC approved PEF's CCRC residential rate and fuel rate, respectively.

PEF Nuclear Cost Recovery

PEF is allowed to recover prudently incurred site selection costs, preconstruction costs and the carrying cost on construction cost balances on an annual basis through the CCRC. Such amounts will not be included in PEF's rate base when the plant is placed in commercial operation. The nuclear cost-recovery rule also has a provision to recover costs should the project be abandoned after the utility receives a final order granting a Determination of Need. These costs include any unrecovered construction work in progress at the time of abandonment and any other prudent and reasonable exit costs. In addition, the rule requires the FPSC to conduct an annual prudence review of the reasonableness and prudence of all such costs, including construction costs, and such determination shall not be subject to later review except upon a finding of fraud, intentional misrepresentation or the intentional withholding of key information by the utility.

In 2009, pursuant to the FPSC nuclear cost-recovery rule, PEF filed a petition to recover $446 million through the CCRC, which primarily consisted of preconstruction and carrying costs incurred or anticipated to be incurred during 2009 and the projected 2010 costs associated with the Levy and CR3 uprate projects. In an effort to help mitigate the initial price impact on its customers, PEF proposed and the FPSC approved collecting certain costs over a five-year period, with associated carrying costs on the unrecovered balance. In adopting PEF's proposed rate management plan for 2010, the FPSC permitted PEF to annually reconsider changes to the recovery of deferred amounts to afford greater flexibility to manage future rate impacts. The rate management plan included the 2009 reclassification to the nuclear cost-recovery clause regulatory asset of $198 million of capacity revenues and the accelerated amortization of $76 million of preconstruction costs. The cumulative amount of $274 million was recorded as a nuclear cost-recovery regulatory asset at December 31, 2009, and is projected to be recovered by 2014.

On October 26, 2010, the FPSC approved PEF's annual nuclear cost-recovery filing with the FPSC to recover $164 million, which includes recovery of preconstruction, carrying and CCRC-recoverable O&M costs incurred or anticipated to be incurred during 2011, recovery of $60 million of the 2009 deferral in 2011, as well as the estimated true-up of 2010 costs associated with the Levy and CR3 uprate projects beginning with the first January 2011 billing cycle. Additionally, the FPSC approved the prudence of the 2009 costs associated with the Levy project. The final order was issued on February 2, 2011.

CR3 Outage

PEF maintains insurance coverage against incremental costs of replacement power resulting from prolonged accidental outages at CR3 through NEIL (See Note 4D). NEIL has confirmed that the CR3 delamination event is a covered accident. PEF is continuing to work with NEIL for recovery of applicable repair costs and associated replacement power costs.

The following table summarizes the CR3 replacement power and repair costs and recovery through December 31, 2010:

(in millions)	Replacement power costs	Repair costs
Spent to date	$ 288	$ 150
NEIL proceeds received	(117)	(64)
Insurance receivable at December 31, 2010	(54)	(47)
Balance for recovery	$ 117	$ 39

PEF considers replacement power and capital costs not recoverable through insurance to be recoverable through its fuel cost-recovery clause or base rates. PEF accrued $171 million of replacement power cost reimbursements after the deductible period, which reduced the portion of the deferred fuel regulatory asset related to the extended CR3 outage to $117 million at December 31, 2010. Additional replacement power costs and repair and maintenance costs incurred until CR3 is returned to service could be material.

We cannot predict the outcome of this matter.

PEF Demand-Side Management Cost Recovery

On December 30, 2009, the FPSC ordered PEF and other Florida utilities to adopt DSM goals based on enhanced measures, which will result in significantly higher conservation goals. As subsequently revised by the FPSC, PEF's aggregate conservation goals over the next 10 years were: 1,134 Summer MW, 1,058 Winter MW, and 3,205 gigawatt-hours (GWh). On March 30, 2010, PEF filed a petition for approval of its proposed DSM plan and to authorize cost recovery through the ECCR. On September 14, 2010, the FPSC held an agenda conference to approve PEF's petition for the DSM plan. The FPSC ruled that while PEF's proposed DSM plan met the cumulative, 10-year DSM goals set by the FPSC, the plan did not meet the annual DSM goals. On October 4, 2010, the FPSC denied PEF's petition for the DSM plan, approved PEF's solar pilot programs, and required PEF to file a revised proposed DSM plan that meets the annual goals set by the FPSC. PEF filed a revised proposed DSM plan on November 29, 2010, which would result in 1,540 GWh of energy savings from 2011-2019, seven times more than PEF's historic

goals. An agenda conference has been scheduled by the FPSC for April 5, 2011. We cannot predict the outcome of this matter.

PEF Other Matters

On November 1, 2010, the FPSC approved PEF's request to decrease the ECRC by $37 million, effective January 1, 2011. The decrease in the ECRC is primarily due to the 2010 base rate decision, which reduced the clean air project depreciation and return rates, and the refund of a prior period over-recovery as a result of higher than expected sales in 2010.

CAPITAL EXPENDITURES

We expect to make significant capital investments to meet anticipated load growth and environmental standards. We are currently constructing new generating facilities in the Carolinas and potentially will construct new baseload generating facilities in the Carolinas and Florida that will be placed in service toward the middle of the next decade.

Total cash from operations and proceeds from long-term debt and equity issuances provided the funding for our capital expenditures, including environmental compliance and other utility property additions, nuclear fuel expenditures and non-utility property additions, during 2010.

As shown in the table that follows, we expect the majority of our capital expenditures to be incurred at our regulated operations. We expect to fund our capital requirements primarily through a combination of cash from operations and long-term debt financings. In addition, we have $2.0 billion in credit facilities that support the issuance of commercial paper. Access to the commercial paper market provides additional liquidity to help meet our working capital requirements. AFUDC – borrowed funds represents the debt costs of capital funds necessary to finance the construction of new regulated plant assets.

	Actual	Forecasted		
(in millions)	**2010**	2011	2012	2013
Regulated capital expenditures	**$ 2,105**	$ 1,965	$ 1,820	$ 1,775
Nuclear fuel expenditures	**221**	205	225	240
AFUDC – borrowed funds	**(30)**	(30)	(30)	(20)
Other capital expenditures	**10**	30	30	30
Total before potential nuclear construction	**2,306**	2,170	2,045	2,025
Potential nuclear construction[(a)]	**104**	50-100	50-100	200-300
Total	**$ 2,410**	$ 2,220-2,270	$ 2,095-2,145	$ 2,225-2,325

[(a)] Expenditures for potential nuclear construction are net of AFUDC – borrowed funds.

Regulated capital expenditures for 2011, 2012 and 2013 in the previous table include approximately $30 million, $15 million and $25 million, respectively, for environmental compliance capital expenditures. Forecasted environmental compliance capital expenditures for 2011, 2012 and 2013 include $20 million, $15 million and $25 million, respectively, at PEC and $10 million at PEF for 2011. See "Other Matters – Environmental Matters" for further discussion of our environmental compliance costs and related recovery of costs.

Potential nuclear construction expenditures, which are primarily for PEF's Levy, include development, engineering, licensing, land acquisition and equipment. Forecasted potential nuclear construction expenditures are dependent upon, and may vary significantly based upon, the decision to build, regulatory approval schedules, timing and escalation of project costs, and the percentages of joint ownership. Because of announced schedule shifts, we negotiated an amendment to the Levy EPC agreement (See discussion under "Other Matters – Nuclear – Potential New Construction"). The forecasted capital expenditures presented in the previous table reflect the announced schedule shift. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact

associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items and PEF has been in suspension negotiations with the selected equipment vendors, which we anticipate concluding by the end of the first quarter of 2011. Potential nuclear construction expenditures are subject to cost-recovery provisions in the Utilities' respective jurisdictions.

All projected capital and investment expenditures are subject to periodic review and revision and may vary significantly depending on a number of factors including, but not limited to, industry restructuring, regulatory constraints, market volatility and economic trends.

CREDIT FACILITIES AND REGISTRATION STATEMENTS

At December 31, 2010 and 2009, we had committed lines of credit used to support our commercial paper borrowings. At December 31, 2010 and 2009, we had no outstanding borrowings under our credit facilities. We are required to pay fees to maintain our credit facilities.

The following tables summarize our RCAs and available capacity at December 31:

(in millions)		Total	Outstanding	Reserved[a]	Available
2010					
Parent	**Five-year (expiring 5/3/12)[b]**	**$ 500**	**$ -**	**$ 31**	**$ 469**
PEC	**Three-year (expiring 10/15/13)**	**750**	**-**	**-**	**750**
PEF	**Three-year (expiring 10/15/13)**	**750**	**-**	**-**	**750**
Total credit facilities		**$ 2,000**	**$ -**	**$ 31**	**$ 1,969**
2009					
Parent	Five-year (expiring 5/3/12)	$ 1,130	$ -	$ 177	$ 953
PEC	Five-year (expiring 6/28/11)	450	-	-	450
PEF	Five-year (expiring 3/28/11)	450	-	-	450
Total credit facilities		$ 2,030	$ -	$ 177	$ 1,853

[a] To the extent amounts are reserved for commercial paper or letters of credit outstanding, they are not available for additional borrowings. At December 31, 2010 and 2009, the Parent had $31 million and $37 million, respectively, of letters of credit issued, which were supported by the RCA. Additionally, on December 31, 2009, the Parent had $140 million of outstanding commercial paper supported by the RCA.

[b] Approximately $22 million of the $500 million will expire May 3, 2011.

All of the revolving credit facilities were arranged through a syndication of financial institutions. See Note 11 for additional discussion of our credit facilities.

The RCAs provide liquidity support for issuances of commercial paper and other short-term obligations. We expect to continue to use commercial paper issuances as a source of liquidity as long as we maintain our current short-term ratings. Fees and interest rates under our RCAs are based upon the respective credit ratings of the Parent's, PEC's and PEF's long-term unsecured senior noncredit-enhanced debt.

All of the credit facilities include defined maximum total debt-to-total capital ratio (leverage) covenants, which we were in compliance with at December 31, 2010. We are currently in compliance and expect to continue to be in compliance with these covenants. See Note 11 for a discussion of the credit facilities' financial covenants. At December 31, 2010, the calculated ratios for the Progress Registrants, pursuant to the terms of the agreements, are as disclosed in Note 11.

The Parent, as a well-known seasoned issuer, has on file with the SEC a shelf registration statement under which it may issue an unlimited number or amount of various securities, including senior debt securities, junior subordinated debentures, common stock, preferred stock, stock purchase contracts, stock purchase units, and trust preferred securities and guarantees. Both PEC and PEF have on file with the SEC shelf registration statements under which

they may issue an unlimited number or amount of various long-term debt securities and preferred stock. The Parent's, PEC's and PEF's shelf registration statements filed with the SEC expire on November 18, 2011.

Both PEC and PEF can issue first mortgage bonds under their respective first mortgage bond indentures based on property additions, retirements of first mortgage bonds and the deposit of cash, provided that adjusted net earnings are at least twice the annual interest requirement for bonds currently outstanding and to be outstanding. At December 31, 2010, PEC and PEF could issue up to approximately $6.8 billion and $2.7 billion of first mortgage bonds, respectively, based on property additions and retirements of previously issued first mortgage bonds. At December 31, 2010, PEC's and PEF's ratios of adjusted net earnings to annual interest requirement on outstanding first mortgage bonds were 5.6 times and 3.2 times, respectively.

CAPITALIZATION RATIOS

The following table shows each component of capitalization as a percentage of total capitalization at December 31, 2010 and 2009. In addition to total equity and preferred stock, total capitalization includes the following in total debt: long-term debt, net, long-term debt, affiliate, current portion of long-term debt, short-term debt and capital lease obligations.

	2010	2009
Total equity	**43.6 %**	42.3 %
Preferred stock	**0.4 %**	0.4 %
Total debt	**56.0 %**	57.3 %

CREDIT RATING MATTERS

Our credit ratings reflect the current views of the rating agencies, and no assurances can be given that our ratings will continue for any given period of time. However, we monitor our financial condition as well as market conditions that could ultimately affect our credit ratings.

Credit rating downgrades could negatively impact our ability to access the capital markets and respond to major events such as hurricanes. Our cost of capital could also be higher, which could ultimately increase prices for our customers. It is important for us to maintain our credit ratings and have access to the capital markets in order to reliably serve customers, invest in capital improvements and prepare for our customer's future energy needs (See Item 1A, "Risk Factors").

As discussed in Note 17C, credit rating downgrades could also require us to post additional cash collateral for commodity hedges in a liability position as certain derivative instruments require us to post collateral on liability positions based on our credit ratings.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

Our off-balance sheet arrangements and contractual obligations are described below.

GUARANTEES

As a part of normal business, we enter into various agreements providing future financial or performance assurances to third parties. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to Progress Energy or our subsidiaries on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. Our guarantees include standby letters of credit, surety bonds, performance obligations for trading operations and guarantees of certain subsidiary credit obligations. At December 31, 2010, we have issued $488 million of guarantees for future financial or performance assurance, including $12 million at PEC. Included in this amount is $300 million of guarantees of certain payments of two wholly owned indirect subsidiaries issued by the Parent (See Note 23). We do not believe conditions are likely for significant performance under the guarantees of performance issued by or on behalf of affiliates.

At December 31, 2010, we have issued guarantees and indemnifications of certain asset performance, legal, tax and environmental matters to third parties, including indemnifications made in connection with sales of businesses, and for timely payment of obligations in support of our nonwholly owned synthetic fuels operations as discussed in Note 22C.

MARKET RISK AND DERIVATIVES

Under our risk management policy, we may use a variety of instruments, including swaps, options and forward contracts, to manage exposure to fluctuations in commodity prices and interest rates. See Note 17 and Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," for a discussion of market risk and derivatives.

CONTRACTUAL OBLIGATIONS

We are party to numerous contracts and arrangements obligating us to make cash payments in future years. These contracts include financial arrangements such as debt agreements and leases, as well as contracts for the purchase of goods and services. In most cases, these contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments. The commitment amounts presented in the following table are estimates and therefore will likely differ from actual purchase amounts. Further disclosure regarding our contractual obligations is included in the respective notes to the Consolidated Financial Statements. We take into consideration the future commitments when assessing our liquidity and future financing needs.

The following table reflects Progress Energy's contractual cash obligations and other commercial commitments at December 31, 2010, in the respective periods in which they are due:

(in millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (See Note 11)[a]	$ 12,699	$ 1,000	$ 1,780	$ 1,300	$ 8,619
Interest payments on long-term debt[b]	10,034	691	1,234	1,079	7,030
Capital lease obligations (See Note 22B)[c]	457	34	75	65	283
Operating leases (See Note 22B)[c]	1,415	37	154	182	1,042
Fuel and purchased power (See Note 22A)[d]	21,745	2,882	5,247	3,436	10,180
Other purchase obligations (See Note 22A)[e]	2,046	629	490	216	711
Minimum pension funding requirements[f]	568	126	267	153	22
Other postretirement benefits[g]	489	41	89	96	263
Uncertain tax positions[h]	-	-	-	-	-
Other commitments[i]	91	13	26	26	26
Total	$ 49,544	$ 5,453	$ 9,362	$ 6,553	$ 28,176

(a) Our maturing debt obligations are generally expected to be repaid with cash from operations or refinanced with new debt issuances in the capital markets.

(b) Interest payments on long-term debt are based on the interest rate effective at December 31, 2010.

(c) Amounts include certain related executory cost commitments.

(d) Essentially all fuel and certain purchased power costs incurred by the Utilities are eligible for recovery through cost-recovery clauses in accordance with state and federal regulations and therefore do not require separate liquidity support. Amounts exclude precedent and conditional contracts of $3.213 billion, including $2.042 billion for PEC and $1.171 billion for PEF and an approximately $400 million Levy nuclear fuel fabrication contract. (See Note 22A and the other purchase obligations discussion following in (e)).

(e) Amounts exclude an EPC agreement that PEF entered into in December 2008 for two nuclear units planned for construction at Levy. As disclosed in "Other Matters – Nuclear – Potential New Construction," the EPC agreement includes provisions for termination. For termination without cause, the EPC agreement contains exit provisions with termination fees, which may be significant, that vary based on the termination circumstances. We executed an amendment to the EPC agreement in 2010 due to the schedule shifts that will postpone major construction activities on the project until after the NRC issues the combined license (COL), which is expected to be in 2013, if the licensing schedule remains on track. Prior to the amendment, estimated payments and associated escalations were $8.608 billion for the multi-year contract and did not assume any joint ownership. Because we have executed an amendment to the EPC agreement and anticipate negotiating additional amendments upon receipt of the COL, we cannot currently predict the timing of when those obligations will be satisfied or the magnitude of any change. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment for the Levy nuclear project, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items, which have total remaining estimated payments and associated escalations of approximately $1.250 billion included in the previously discussed $8.608 billion. PEF has been in suspension negotiations with the selected equipment vendors, which we anticipate concluding by the end of the first quarter of 2011. In its April 30, 2010 nuclear cost-recovery filing, PEF included for rate-making purposes a point estimate of potential Levy disposition fees and charges of $50 million, subject to true-up. However, the amount of disposition fees and charges, if any, cannot be determined until suspension negotiations are completed. We cannot predict the outcome of this matter.

(f) Represents the projected minimum required contributions to the qualified pension trusts for a total of 10 years. These amounts are subject to change significantly based on factors such as pension asset earnings and market interest rates.

(g) Represents projected benefit payments for a total of 10 years related to our postretirement health and life plans and are subject to change based on factors such as experienced claims and general health care cost trends.

(h) Uncertain tax positions of $176 million are not reflected in this table as we cannot predict when open income tax years will close with completed examinations. It is reasonably possible that the total amounts of unrecognized tax benefits will decrease by up to approximately $60 million during the 12-month period ending December 31, 2011, due to expected settlements.

(i) By NCUC order, in 2008, PEC began transitioning North Carolina jurisdictional amounts currently retained internally to its external decommissioning funds. The transition of the original $131 million must be complete by December 31, 2017, and at least 10 percent must be transitioned each year.

OTHER MATTERS

REGULATORY ENVIRONMENT

The Utilities' operations in North Carolina, South Carolina and Florida are regulated by the NCUC, the SCPSC and the FPSC, respectively. The Utilities are also subject to regulation by the FERC, the NRC and other federal and state agencies common to the utility business. As a result of regulation, many of the fundamental business decisions, as well as the rate of return the Utilities are permitted the opportunity to earn, are subject to the approval of one or more of these governmental agencies.

To our knowledge, there is currently no enacted or proposed legislation in North Carolina, South Carolina or Florida that would give retail ratepayers the right to choose their electricity provider or otherwise restructure or deregulate the electric industry. We cannot anticipate if any of these states will move to increase retail competition in the electric industry.

Current retail rate matters affected by state regulatory authorities are discussed in Notes 7B and 7C. This discussion identifies specific retail rate matters, the status of the issues and the associated effects on our consolidated financial statements.

On April 28, 2010, we accepted a grant from the United States Department of Energy (DOE) for $200 million in federal matching infrastructure funds. In addition to providing the Utilities real-time information about the state of their electric grids, the smart grid transition will enable customers to better understand and manage their energy use, and will provide for more efficient integration of renewable energy resources. Supplementing the DOE grant, the Utilities will invest more than $300 million in smart grid projects, which include enhancements to distribution equipment, installation of 160,000 additional smart meters and additional public infrastructure for plug-in electric vehicles. Projects funded by the grant must be completed by April 2013.

Through December 31, 2010, we have incurred $107 million of allowable, 50 percent reimbursable, smart grid project costs, and have submitted to the DOE requests for reimbursement of $47 million, of which we have received $34 million reimbursement.

Concerns about climate change and oil price volatility have led to proposed and enacted legislation at the federal and state levels to increase renewable energy and reduce greenhouse gas (GHG) emissions.

The North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (NC REPS) requires PEC to file an annual compliance report with the NCUC demonstrating the actions it has taken to comply with the NC REPS requirement. The rules measure compliance with the NC REPS requirement via renewable energy certificates earned after January 1, 2008. North Carolina electric power suppliers with a renewable energy compliance obligation, including PEC, are participating in the renewable energy certificate tracking system, which came online July 1, 2010. North Carolina law mandates that utilities achieve a targeted amount of energy from specified renewable energy resources or implementation of energy-efficiency measures beginning with a 3 percent requirement in 2012 escalating to 12.5 percent in 2021. PEC expects to be in compliance with this requirement.

In 2007, the governor of Florida issued executive orders to address reduction of GHG emissions. The executive orders include adoption of a maximum allowable emissions level of GHGs for Florida utilities, which will require, at a minimum, the following three reduction milestones: by 2017, emissions not greater than Year 2000 utility sector emissions; by 2025, emissions not greater than Year 1990 utility sector emissions; and by 2050, emissions not greater than 20 percent of Year 1990 utility sector emissions. The executive orders also requested that the FPSC initiate a rulemaking that would (1) require Florida utilities to produce at least 20 percent of their electricity from renewable sources; (2) reduce the cost of connecting solar and other renewable energy technologies to Florida's power grid by adopting uniform statewide interconnection standards for all utilities; and (3) authorize a uniform, statewide method to enable residential and commercial customers who generate electricity from onsite renewable technologies of up to 1 MW in capacity to offset their consumption over a billing period by allowing their electric meters to turn backward when they generate electricity (net metering).

In response to the executive orders, Florida energy law enacted in 2008 includes provisions that required the FPSC to develop a renewable portfolio standard that the FPSC would present to the legislature for ratification and also

includes provisions that direct the Florida Department of Environmental Protection (FDEP) to develop rules establishing a cap-and-trade program to regulate GHG emissions that the FDEP would present to the legislature no earlier than January 2010 for ratification. To date, the Florida legislature has not ratified or enacted any renewable portfolio standard or cap-and-trade rules or programs. Until these agency actions are finalized, we cannot predict the outcome of this matter.

Our balanced solution, as described in "Energy Demand," includes greater investment in energy efficiency, renewable energy and a state-of-the-art power system and demonstrates our commitment to environmental responsibility.

ENERGY DEMAND

Implementing state and federal energy policies, promoting environmental stewardship and providing reliable electricity to meet the anticipated long-term growth within the Utilities' service territories will require a balanced approach. The three main elements of this balanced solution are: (1) expanding our DSM and EE programs; (2) investing in the development of alternative energy resources for the future; and (3) operating a state-of-the-art power system.

We are continuing the expansion and enhancement of our DSM and EE programs because energy efficiency is one of the most effective ways to reduce energy costs, offset the need for new power plants and protect the environment. DSM programs include programs and initiatives that shift the timing of electricity use from peak to nonpeak periods, such as load management, electricity system and operating controls, direct load control, interruptible load, and electric system equipment and operating controls. Our previously discussed smart grid projects will aid in these initiatives. EE programs include any equipment, physical or program change that results in less energy used to perform the same function. We provide our residential customers with home energy audits and offer EE programs that provide incentives for customers to implement measures that reduce energy use. For business customers, we also provide energy audits and other tools, including an interactive Internet website with online calculators, programs and efficiency tips, to help them reduce their energy use.

We are actively engaged in a variety of alternative energy projects to pursue the generation of electricity from swine waste and other plant or animal sources, biomass, solar, hydrogen and landfill-gas technologies. Among our projects, we have executed contracts to purchase approximately 300 MW of electricity generated from biomass. This number includes 93 MW of biomass toward compliance with NC REPS. The majority of these projects should be online within the next five years. In addition, we have executed purchased power agreements for approximately 7 MW of electricity generated from solar photovoltaic generation as part of the NC REPS. More than half of these projects are online and the remainder should be online by the end of 2011. Additionally, customers across our service territory have connected approximately 4 MW of solar photovoltaic energy systems to our grid. In June 2009, we expanded our solar energy strategy to include a range of new solar incentives and programs, which are expected to significantly increase our use of solar energy over the next decade.

We are pursuing numerous options to create a state-of-the-art power system, including investments in smart grid technology and advanced environmental controls on our coal-fired plants. In the coming years, we will continue to invest in existing nuclear plants and evaluate plans for building or co-owning new generating plants. Due to the anticipated long-term growth in our service territories, retirement of existing coal generation and potential changes in environmental regulations, we are constructing new natural gas-fueled generating facilities in the Carolinas and we estimate that we will require new generating facilities in both Florida and the Carolinas in the first half of the next decade. In addition to nuclear generation, we are evaluating natural gas-fired plants, renewable generation resources, energy-efficiency initiatives and economic purchased power to meet this increased need. At this time, no definitive decisions have been made to construct or when to construct our proposed new nuclear plants (See "Nuclear – Potential New Construction") or to acquire new generation from another utility's regional nuclear project. In the near term, we will focus our efforts on modernizing the power system and pursuing all elements of a balanced portfolio while looking to new nuclear capacity as a critical part of the long-term mix.

In 2009, PEC announced a coal-to-gas modernization strategy whereby the 11 remaining coal-fired generating facilities in North Carolina that do not have scrubbers would be retired prior to the end of their useful lives and their approximately 1,500 MW of generating capacity replaced with new natural gas-fueled facilities. The original

strategy called for the retirement of the coal-fired units by the end of 2017; however, we currently expect the plants will be retired no later than the end of 2014. PEC has received approval from the NCUC for construction of an approximately 950-MW natural gas-fueled generating facility at a site in Wayne County, N.C., to be placed in service in January 2013. PEC has also received approval from the NCUC to construct an approximately 620-MW natural gas-fueled generating facility at a site in New Hanover County, N.C., to replace the existing coal-fired generation at this site. The facility is projected to be placed in service in December 2013. After 2014, PEC will continue to operate its Roxboro, Mayo and Asheville coal-fired plants in North Carolina, which have state-of-the-art emission controls. Emissions of NOx, sulfur dioxide (SO_2), mercury and other pollutants have been reduced significantly at these sites.

In recent years, the federal government has authorized loan guarantee programs for innovative energy projects as well as newly constructed nuclear facilities. PEF decided not to pursue the loan guarantee program for the Levy project. However, this decision does not preclude PEF from revisiting the program at a later date if there are changes to the program. We cannot predict if PEF will pursue this program further.

NUCLEAR

Nuclear generating units are regulated by the NRC. In the event of noncompliance, the NRC has the authority to impose fines, set license conditions, shut down a nuclear unit or take some combination of these actions, depending upon its assessment of the severity of the situation, until compliance is achieved. Our nuclear units are periodically removed from service to accommodate normal refueling and maintenance outages, repairs, uprates and certain other modifications.

In September 2009, CR3 began an outage for normal refueling and maintenance, as well as its uprate project to increase its generating capacity and to replace two steam generators. During preparations to replace the steam generators, we discovered a delamination within the concrete of the outer wall of the containment structure, which has resulted in an extension of the outage. After a comprehensive analysis, we have determined that the concrete delamination at CR3 was caused by redistribution of stresses on the containment wall that occurred when we created an opening to accommodate the replacement of the unit's steam generators. We expect to complete repairs in March, and return the unit to service following successful completion of post-repair testing and start-up activities in April 2011. Nuclear safety remains our top priority, and our plans and actions will continue to reflect that commitment. A number of factors affect the return to service date, including regulatory reviews by the NRC and other agencies, emergent work, final engineering designs, testing, weather and other developments (See Note 7C).

PEC's nuclear units have operating licenses granted by the NRC that have been extended to 2030 and 2046. The NRC operating license held by PEF for CR3 currently expires in December 2016. On March 9, 2009, the NRC docketed, or accepted for review, PEF's application for a 20-year renewal on the operating license for CR3, which would extend the operating license through 2036, if approved. Docketing the application does not preclude additional requests for information as the review proceeds, nor does it indicate whether the NRC will renew the license. The license renewal application for CR3 is currently under review by the NRC with a decision expected in 2011.

POTENTIAL NEW CONSTRUCTION

While we have not made a final determination on nuclear construction, we continue to take steps to keep open the option of building a plant or plants. During 2008, PEC and PEF filed COL applications to potentially construct new nuclear plants in North Carolina and Florida (See Item 1A, "Risk Factors"). The NRC estimates that it will take approximately three to four years to review and process the COL applications. We have focused on the potential nuclear plant construction in Florida given the need for more fuel diversity in Florida and anticipated federal and state policies to reduce GHG emissions as well as existing state legislative policy that is supportive of nuclear projects.

In 2006, we announced that PEF selected Levy to evaluate for possible future nuclear expansion. We selected the Westinghouse Electric AP1000 reactor design as the technology upon which to base PEF's application submission. In 2007, PEF completed the purchase of approximately 5,000 acres for Levy and associated transmission needs. On July 30, 2008, PEF filed its COL application with the NRC for two reactors. PEF also completed and submitted a

Limited Work Authorization request for Levy concurrent with the COL application. The FPSC issued the final order granting PEF's petition for the Determination of Need for Levy on August 12, 2008. On October 6, 2008, the NRC docketed the Levy nuclear project application. On February 24, 2009, PEF received the NRC's schedule for review and approval of the COL.

PEF's initial schedule anticipated performing certain site work pursuant to the Limited Work Authorization prior to COL receipt. However, in 2009, the NRC Staff determined that certain schedule-critical work that PEF had proposed to perform within the scope of the Limited Work Authorization will not be authorized until the NRC issues the COL. Consequently, excavation and foundation preparation work will be shifted until after COL issuance. This factor alone resulted in a minimum 20-month schedule shift later than the originally anticipated timeframe. Since then, regulatory and economic conditions have changed, resulting in additional schedule shifts. These conditions include the permitting and licensing process, national and state economic conditions, recent FPSC DSM goals and the resulting impact on ratepayers, and other FPSC decisions. Uncertainty regarding PEF's access to capital on reasonable terms, PEF's ability to secure joint owners and increasing uncertainty surrounding carbon regulation and its costs could be other factors to affect the Levy schedule.

PEF signed the EPC agreement on December 31, 2008, with Westinghouse Electric Company LLC and Stone & Webster, Inc. for two Westinghouse AP1000 nuclear units to be constructed at Levy. More than half of the approximate $7.650 billion contract price is fixed or firm with agreed upon escalation factors. The EPC agreement includes various incentives, warranties, performance guarantees, liquidated damage provisions and parent guarantees designed to incent the contractor to perform efficiently. For termination without cause, the EPC agreement contains exit provisions with termination fees, which may be significant, that vary based on the termination circumstances. We executed an amendment to the EPC agreement in 2010 due to the schedule shifts previously discussed. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment for the Levy nuclear project, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items and PEF has been in suspension negotiations with the selected equipment vendors, which we anticipate concluding by the end of the first quarter of 2011. In its April 30, 2010 nuclear cost-recovery filing, PEF included for rate-making purposes a point estimate of potential Levy disposition fees and charges of $50 million, subject to true-up. However, the amount of disposition fees and charges, if any, cannot be determined until suspension negotiations are completed. We cannot predict the outcome of this matter.

The total escalated cost for the two generating units was estimated in PEF's petition for the Determination of Need for Levy to be approximately $14 billion. This total cost estimate included land, plant components, financing costs, construction, labor, regulatory fees and the initial core for the two units. An additional $3 billion was estimated for the necessary transmission equipment and approximately 200 miles of transmission lines associated with the project. PEF's 2010 nuclear cost-recovery filing included an updated analysis that demonstrated continued feasibility of the Levy project with PEF's current estimated range of total escalated cost, including transmission, of $17.2 billion to $22.5 billion. The filed estimated cost range primarily reflects cost escalation resulting from the schedule shifts. Many factors will affect the total cost of the project and once PEF receives the COL, it will further refine the project timeline and budget. As previously discussed, we continue to evaluate the Levy project on an ongoing basis.

In 2006, we announced that PEC selected a site at Harris to evaluate for possible future nuclear expansion. We selected the Westinghouse Electric AP1000 reactor design as the technology upon which to base PEC's application submission. On February 19, 2008, PEC filed its COL application with the NRC for two additional reactors at Harris. On April 17, 2008, the NRC docketed the Harris application. If we receive approval from the NRC and applicable state agencies, and if the decisions to build are made, a new plant would not be online until the middle of the next decade (See "Energy Demand" above).

SPENT NUCLEAR FUEL MATTERS

The Nuclear Waste Policy Act of 1982 provides the framework for development by the federal government of interim storage and permanent disposal facilities for high-level radioactive waste materials. The Nuclear Waste Policy Act of 1982 promotes increased usage of interim storage of spent nuclear fuel at existing nuclear plants. We will continue to maximize the use of spent fuel storage capability within our own facilities for as long as feasible.

With certain modifications and additional approvals by the NRC, including the installation and/or expansion of on-site dry cask storage facilities at Robinson, Brunswick and CR3, the Utilities' spent nuclear fuel storage facilities will be sufficient to provide storage space for spent fuel generated on their respective systems through the expiration of the operating licenses, including any license renewals, for their nuclear generating units. Harris has sufficient storage capacity through the expiration of its renewed operating licenses.

See Note 22D for discussion of the status of the Utilities' contracts with the DOE for spent nuclear fuel storage.

ENVIRONMENTAL MATTERS

We are subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. We believe that we are in substantial compliance with those environmental regulations currently applicable to our business and operations and believe we have all necessary permits to conduct such operations. Environmental laws and regulations frequently change and the ultimate costs of compliance cannot always be precisely estimated.

HAZARDOUS AND SOLID WASTE MANAGEMENT

The provisions of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), authorize the EPA to require the cleanup of hazardous waste sites. This statute imposes retroactive joint and several liability. Some states, including North Carolina, South Carolina and Florida, have similar types of statutes. We are periodically notified by regulators, including the EPA and various state agencies, of our involvement or potential involvement in sites that may require investigation and/or remediation. There are presently several sites with respect to which we have been notified of our potential liability by the EPA, the state of North Carolina, the state of Florida or potentially responsible parties (PRP) groups. Various organic materials associated with the production of manufactured gas, generally referred to as coal tar, are regulated under federal and state laws. PEC and PEF are each PRPs at several manufactured gas plant (MGP) sites. We are also currently in the process of assessing potential costs and exposures at other sites. These costs are eligible for regulatory recovery through either base rates or cost-recovery clauses (See Notes 7 and 21). Both PEC and PEF evaluate potential claims against other PRPs and insurance carriers and plan to submit claims for cost recovery where appropriate. The outcome of potential and pending claims cannot be predicted. Hazardous and solid waste management matters are discussed in detail in Note 21A.

We accrue costs to the extent our liability is probable and the costs can be reasonably estimated. Because the extent of environmental impact, allocation among PRPs for all sites, remediation alternatives (which could involve either minimal or significant efforts), and concurrence of the regulatory authorities have not yet reached the stage where a reasonable estimate of the remediation costs can be made, we cannot determine the total costs that may be incurred in connection with the remediation of all sites at this time. It is probable that current estimates could change and additional losses, which could be material, may be incurred in the future.

In 2009, the EPA evaluated information about ash impoundment dams nationwide and developed a listing of 44 utility ash impoundment dams considered to have "high hazard potential," including two of PEC's ash impoundment dams. A "high hazard potential" rating is not related to the stability of those ash ponds but to the potential for harm should the impoundment dam fail. All of the dams at PEC's coal ash ponds have been subject to periodic third-party inspection for many years in accordance with prior applicable requirements. The EPA rated the 44 "high hazard potential" impoundments, as well as other impoundments, from "unsatisfactory" to "satisfactory" based on their structural integrity and associated documentation.

Only dams rated as "unsatisfactory" would be considered to pose an immediate safety threat. None of the facilities received an "unsatisfactory" rating from the EPA. In total, six of PEC's ash pond dams, including one "high hazard

potential" impoundment, were rated as "poor" based on the contract inspector's desire to see additional documentation and evaluations of vegetation management and minor erosion control. Inspectors applied the same criteria to both active and inactive ash ponds, despite the fact that most of the inactive ash impoundments no longer hold water and do not pose a risk of breaching and spilling. PEC has completed several of the EPA's recommendations for the active ponds and other recommended actions are under way. Following evaluations and inspections, engineers have determined that one ash pond dam requires modifications to comply with current standards for an extra margin of safety for slope stability. Design and permitting efforts for that work have been initiated. PEC is working with the North Carolina Dam Safety program to evaluate the remaining recommendations. We do not expect mitigation of these issues to have a material impact on our results of operations.

As of January 1, 2010, dams at utility fossil-fired power plants in North Carolina, including dams for ash ponds, are subject to the North Carolina Dam Safety Act's applicable provisions, including state inspection. Those provisions are under the purview of the North Carolina Division of Land Resources. The division has completed its initial inspections of all of PEC's dams. No significant issues were found.

The EPA and a number of states are considering additional regulatory measures that may affect management, treatment, marketing and disposal of coal combustion residues, primarily ash, from each of the Utilities' coal-fired plants. Revised or new laws or regulations under consideration may impose changes in solid waste classifications or groundwater protection environmental controls. On June 21, 2010, the EPA proposed two options for new rules to regulate coal combustion residues. The first option would create a comprehensive program of federally enforceable requirements for coal combustion residue management and disposal as hazardous waste. The other option would have the EPA set performance standards for coal combustion residues management facilities and regulate disposal of coal combustion residues as nonhazardous waste. The EPA did not identify a preferred option. Under both options, the EPA may leave in place a regulatory exemption for approved beneficial uses of coal combustion residuals that are recycled. A final rule is expected in late 2011 or 2012. Compliance plans and estimated costs to meet the requirements of new regulations will be determined when any new regulations are finalized. We are also evaluating the effect on groundwater quality from past and current operations, which may result in operational changes and additional measures under existing regulations. These issues are also under evaluation by state agencies. Certain regulated chemicals have been measured in wells near our ash ponds at levels above groundwater quality standards. Additional monitoring and investigation will be conducted. Detailed plans and cost estimates will be determined if these evaluations reveal that corrective actions are necessary. We cannot predict the outcome of this matter.

AIR QUALITY AND WATER QUALITY

We are, or may ultimately be, subject to various current and proposed federal, state and local environmental compliance laws and regulations, which likely would result in increased capital expenditures and O&M expenses. Additionally, Congress may be considering legislation that would require reductions in air emissions of NOx, SO_2, carbon dioxide (CO_2) and mercury. Some proposals establish nationwide caps and emission rates over an extended period of time. This national multipollutant approach to air pollution control could involve significant capital costs that could be material to our financial position or results of operations. Control equipment installed pursuant to the provisions of CAIR, Clean Air Visibility Rule (CAVR) and mercury regulations, which are discussed below, may address some of the issues outlined previously. PEC and PEF have been developing an integrated compliance strategy to meet the requirements of the CAIR, CAVR and mercury regulation (see discussion of the court decisions that impacted the CAIR, the delisting determination and the Clean Air Mercury Rule [CAMR] below). The CAVR requires the installation of best available retrofit technology (BART) on certain units. However, the outcome of these matters cannot be predicted.

Clean Smokestacks Act

In 2002, the Clean Smokestacks Act was enacted in North Carolina requiring the state's electric utilities to reduce the emissions of NOx and SO_2 from their North Carolina coal-fired power plants in phases by 2013. PEC currently has approximately 5,000 MW of coal-fired generation capacity in North Carolina affected by the Clean Smokestacks Act. PEC's environmental compliance projects under the first phase of Clean Smokestacks Act emission reductions have been placed in service. PEC plans to retire by the end of 2014, its remaining coal-fired generating facilities in North Carolina totaling 1,500 MW that do not have scrubbers and replace the generation capacity with new natural gas-fueled generating facilities, which should enable the utility to comply with the final Clean Smokestacks Act SO_2

emissions target that begins in 2013. We are continuing to evaluate various design, technology, generation and fuel options that could change expenditures required to maintain compliance with the Clean Smokestacks Act limits subsequent to 2013.

O&M expense increases with the operation of pollution control equipment due to the cost of reagents, additional personnel and general maintenance associated with the pollution control equipment. PEC is allowed to recover the cost of reagents and certain other costs under its fuel clause; the North Carolina retail portion of all other O&M expense is currently recoverable through base rates. In 2009, the SCPSC issued an order allowing PEC to begin deferring as a regulatory asset the depreciation expense that PEC incurs on its environmental compliance control facilities as well as the incremental O&M expenses that PEC incurs in connection with its environmental compliance control facilities.

Clean Air Interstate Rule

The CAIR, issued by the EPA, required the District of Columbia and 28 states, including North Carolina, South Carolina and Florida, to reduce NOx and SO_2 emissions. The CAIR set emission limits to be met in two phases beginning in 2009 and 2015, respectively, for NOx and beginning in 2010 and 2015, respectively, for SO_2. States were required to adopt rules implementing the CAIR, and the EPA approved the North Carolina CAIR, the South Carolina CAIR and the Florida CAIR.

The air quality controls installed to comply with NOx requirements under certain sections of the Clean Air Act (CAA) and the Clean Smokestacks Act, as well as PEC's plan to replace a portion of its coal-fired generation with natural gas-fueled generation, largely address the CAIR requirements for NOx for our North Carolina units at PEC. PEC and PEF met the 2009 phase I requirements for NOx and the 2010 phase I requirements of CAIR for NOx and SO_2 with a combination of emission reductions resulting from in-service emission control equipment and emission allowances. PEF's Crystal River Unit No. 4 (CR4) SO_2 and NOx emission control equipment was placed in service in May 2010 and PEF's Crystal River Unit No. 5 (CR5) SO_2 and NOx emission control equipment was placed in service in 2009.

In 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Court of Appeals) initially vacated the CAIR in its entirety and subsequently remanded the rule without vacating it for the EPA to conduct further proceedings consistent with the court's prior opinion. On August 2, 2010, the EPA published the proposed Transport Rule, which is the regulatory program that will replace the CAIR when finalized. The proposed Transport Rule contains new emissions trading programs for NOx and SO_2 emissions as well as more stringent overall emissions targets. The EPA plans to finalize the Transport Rule in the spring of 2011. Due to significant investments in NOx and SO_2 emissions controls and fleet modernization projects completed or under way, we believe both PEC and PEF are well positioned to comply with the Transport Rule. The outcome of the EPA's rulemaking cannot be predicted. Because of the D.C. Court of Appeals' decision that remanded the CAIR, the current implementation of the CAIR continues to fulfill BART for NOx and SO_2 for BART-affected units under the CAVR. Should this determination change as the Transport Rule is promulgated, CAVR compliance eventually may require consideration of NOx and SO_2 emissions reductions in addition to particulate matter emissions reductions for BART-eligible units.

Under an agreement with the Florida Department of Environmental Protection (FDEP), PEF will retire Crystal River Units No. 1 and No. 2 coal-fired steam units (CR1 and CR2) and operate emission control equipment at CR4 and CR5. CR1 and CR2 will be retired after the second proposed nuclear unit at Levy completes its first fuel cycle, which was originally anticipated to be around 2020. As required, PEF has advised the FDEP of developments that will delay the retirement of CR1 and CR2 beyond the originally anticipated date as discussed in "Other Matters – Nuclear – Potential New Construction." We are currently evaluating the impacts of the Levy schedule on PEF's compliance with environmental regulations. We cannot predict the outcome of this matter.

Clean Air Mercury Rule

In 2008, the D.C. Court of Appeals vacated the CAMR. As a result, the EPA subsequently announced that it will develop a maximum achievable control technology (MACT) standard. The United States District Court for the District of Columbia has issued an order requiring the EPA to issue a final MACT standard for power plants by November 16, 2011. In addition, North Carolina adopted a state-specific requirement. The North Carolina mercury

rule contains a requirement that all coal-fired units in the state install mercury controls by December 31, 2017, and requires compliance plan applications to be submitted in 2013. We are currently evaluating the impact of these decisions. The outcome of this matter cannot be predicted.

Clean Air Visibility Rule

The EPA's rule requires states to identify facilities, including power plants, built between August 1962 and August 1977 with the potential to produce emissions that affect visibility in certain specially protected areas, including national parks and wilderness areas, designated as Class I areas. To help restore visibility in those areas, states must require the identified facilities to install BART to control their emissions. PEC's BART-eligible units are Asheville Units No. 1 and No. 2, Roxboro Units No. 1, No. 2 and No. 3, and Sutton Unit No. 3. PEF's BART-eligible units are Anclote Units No. 1 and No. 2, CR1 and CR2. The reductions associated with BART begin in 2013. As discussed in Note 7B, Sutton Unit No. 3 is one of the coal-fired generating units that PEC plans to replace with combined cycle natural gas-fueled electric generation. As discussed previously, PEF and the FDEP announced an agreement under which PEF will retire CR1 and CR2 as coal-fired units.

The CAVR included the EPA's determination that compliance with the NOx and SO_2 requirements of the CAIR could be used by states as a BART substitute to fulfill BART obligations, but the states could require the installation of additional air quality controls if they did not achieve reasonable progress in improving visibility. The D.C. Court of Appeals' decision remanding the CAIR maintained its implementation such that CAIR satisfies BART for NOx and SO_2. Should this determination change as the Transport Rule is promulgated, CAVR compliance eventually may require consideration of NOx and SO_2 emissions in addition to particulate matter emissions for BART-eligible units. We are assessing the potential impact of BART and its implications with respect to our plans and estimated costs to comply with the CAVR. The FDEP finalized a Regional Haze implementation rule that goes beyond BART by requiring sources significantly impacting visibility in Class I areas to install additional controls by December 31, 2017. However, in the spring of 2010 the EPA indicated that the Reasonable Further Progress portion of the Regional Haze implementation rule is not approvable. In August 2010, the FDEP amended the rule by removing the Reasonable Further Progress provision, including the December 31, 2017, deadline for installation of additional controls, and instead will rely on current federal programs to achieve improvement in visibility. The outcome of these matters cannot be predicted.

Compliance Strategy

Both PEC and PEF have been developing an integrated compliance strategy to meet the requirements of the CAIR, the CAVR, mercury regulation and related air quality regulations. The air quality controls installed to comply with NOx requirements under certain sections of the CAA and the Clean Smokestacks Act, as well as PEC's plan to replace a portion of its coal-fired generation with natural gas-fueled generation, resulted in a reduction of the costs to meet PEC's CAIR requirements.

PEC's environmental compliance projects under the first phase of Clean Smokestacks Act emission reductions have been placed in service. PEF's environmental compliance projects have also been placed in service.

The FPSC approved PEF's petition to develop and implement an Integrated Clean Air Compliance Plan to comply with the CAIR, CAMR and CAVR and for recovery of prudently incurred costs necessary to achieve this strategy through the ECRC (see discussion previously regarding the vacating of the CAMR and remanding of the CAIR and its potential impact on CAVR). PEF's April 1, 2010 filing with the FPSC for true-up of final 2009 environmental costs included a review of the Integrated Clean Air Compliance Plan, which reconfirmed the efficacy of the recommended plan and included an estimated total project cost of approximately $1.1 billion to be spent through 2016, to plan, design, build and install pollution control equipment at the Anclote Plant, CR4 and CR5. The majority of the $1.1 billion estimated total project cost related to CR4 and CR5 projects, which have been placed in service. Additional costs may be incurred if pollution controls are required in order to comply with the requirements of the CAVR, as discussed previously, or to meet compliance requirements of the final Transport Rule. Subsequent rule interpretations, increases in the underlying material, labor and equipment costs, equipment availability, or the unexpected acceleration of compliance dates, among other things, could result in significant increases in our estimated costs to comply and acceleration of some projects. The outcome of this matter cannot be predicted.

Environmental Compliance Cost Estimates

Risk factors regarding environmental compliance cost estimates are discussed in Item 1A, "Risk Factors." Costs to comply with environmental laws and regulations are eligible for regulatory recovery through either base rates or cost-recovery clauses. The outcome of future petitions for recovery cannot be predicted. Our estimates of capital expenditures to comply with environmental laws and regulations are subject to periodic review and revision and may vary significantly. PEC is continuing to evaluate various design, technology and new generation options that could change expenditures required to maintain compliance with the Clean Smokestacks Act limits subsequent to 2013. Additional compliance plans for PEC and PEF to meet the requirements of the Transport Rule will be determined upon finalization of the rule. As a result of the decision remanding the CAIR, compliance plans and costs to meet the requirements of the CAVR are being reassessed and we cannot predict the impact that the EPA's further proceedings will have on our compliance with the CAVR requirements. Compliance plans to meet the requirements of a revised or new implementing rule for mercury will be determined upon finalization of the rule. Compliance plans to meet the requirements of a revised or new implementing rule under Section 316(b) of the Clean Water Act (Section 316(b)), as discussed below, will be determined upon finalization of the rule. The timing and extent of the costs for future projects will depend upon final compliance strategies. However, we believe that future costs to comply with new or subsequent rule interpretations could be significant.

North Carolina Attorney General Petition under Section 126 of the Clean Air Act

In 2004, the North Carolina attorney general filed a petition with the EPA, under Section 126 of the CAA, asking the federal government to force fossil fuel-fired power plants in 13 other states, including South Carolina, to reduce their NOx and SO_2 emissions. The state of North Carolina contends these out-of-state emissions interfere with North Carolina's ability to meet National Ambient Air Quality Standards (NAAQS) for ozone and particulate matter. In 2006, the EPA issued a final response denying the petition, and the North Carolina attorney general filed a petition in the D.C. Court of Appeals seeking a review of the agency's denial. In 2009, the D.C. Court of Appeals remanded the EPA's denial to the agency for reconsideration. The outcome of the remand proceeding cannot be predicted.

National Ambient Air Quality Standards

Environmental groups and 13 states filed a joint petition with the D.C. Court of Appeals arguing that the EPA's particulate matter rule does not adequately restrict levels of particulate matter, especially with respect to the annual and secondary standards. In 2009, the D.C. Court of Appeals remanded the annual and secondary standards to the EPA for further review and consideration. The outcome of this matter cannot be predicted.

In 2008, the EPA revised the 8-hour primary and secondary standards for the NAAQS for ground-level ozone. Additional nonattainment areas may be designated in PEC's and PEF's service territories as a result of these revised standards. A number of states, environmental groups and industry associations filed petitions against the revised NAAQS in the D.C. Court of Appeals. The EPA requested the D.C. Court of Appeals to suspend proceedings in the case while the EPA evaluates whether to maintain, modify or otherwise reconsider the revised NAAQS. In 2009, the EPA announced that it was reconsidering the level of the ozone NAAQS and it will stay plans to designate nonattainment areas until after the reconsideration has been completed.

On January 7, 2010, the EPA announced a proposed revision to the primary ozone NAAQS. In addition, the EPA proposed a cumulative seasonal secondary standard. The EPA plans to finalize the revisions by July 29, 2011, and to designate nonattainment areas by August 2012. The proposed revisions are significantly more stringent than the current NAAQS. Should additional nonattainment areas be designated in our service territories, we may be required to install additional emission controls at some of our facilities. The outcome of this matter cannot be predicted.

On January 25, 2010, the EPA announced a revision to the primary NAAQS for nitrogen dioxide. Historically, the standard for nitrogen dioxide has been an annual average. The EPA has retained the annual standard and added a new 1-hour NAAQS. In conjunction with proposing changes to the standard, the EPA is also requiring an increase in the coverage of the monitoring network, particularly near roadways where the highest concentrations are expected to occur due to traffic emissions. The EPA plans to designate nonattainment areas by January 2012. Currently, there are no monitors reporting violation of the new standard in PEC's or PEF's service territories, but the expanded

monitoring network will provide additional data, which could result in additional nonattainment areas. The outcome of this matter cannot be predicted.

On June 22, 2010, the EPA published the final new 1-hour NAAQS for SO_2, which sets the limit at 75 parts per billion. The primary NAAQS on a 24-hour average basis and annual average will be eliminated under the new rule. The new 1-hour standard is a significant increase in the stringency of the standard and increases the risk of nonattainment, especially near uncontrolled coal-fired facilities. In addition, for the first time the EPA plans to use air quality modeling along with monitoring data in determining whether areas are attaining the new standard, which is likely to expand the number of nonattainment areas. Should additional nonattainment areas be designated in our service territories, we may be required to install additional emission controls at some of our facilities. The outcome of this matter cannot be predicted.

Water Quality

1. General

As a result of the operation of certain pollution control equipment required to comply with the air quality issues outlined previously, new sources of wastewater discharge will be generated at certain affected facilities. Integration of these new wastewater discharges into the existing wastewater treatment processes is currently ongoing and will result in permitting, construction and treatment requirements imposed on the Utilities now and into the future. The future costs of complying with these requirements could be material to our or the Utilities' results of operations or financial position.

On September 15, 2009, the EPA concluded after a multi-year study of power plant wastewater discharges that current regulations have not kept pace with changes in the electric power industry since the regulations were issued in 1982, including addressing impacts to wastewater discharge from operation of air pollution control equipment. As a result, the EPA has announced that it plans to revise the regulations that govern wastewater discharge, which may result in operational changes and additional compliance costs in the future. The outcome of this matter cannot be predicted.

2. Section 316(b) of the Clean Water Act

Section 316(b) requires cooling water intake structures to reflect the best technology available for minimizing adverse environmental impacts. The EPA promulgated a rule implementing Section 316(b) in respect to existing power plants in July 2004.

A number of states, environmental groups and others sought judicial review of the July 2004 rule. In 2007, the U.S. Court of Appeals for the Second Circuit issued an opinion and order remanding provisions of the rule to the EPA, and the EPA suspended the rule pending further rulemaking, with the exception of the requirement that permitted facilities must meet any requirements under Section 316(b) as determined by the permitting authorities on a case-by-case, best professional judgment basis. Following appeal, in 2009, the U.S. Supreme Court issued an opinion holding that the EPA, in selecting the "best technology" pursuant to Section 316(b), does have the authority to reject technology when its costs are "wholly disproportionate" to the benefits expected. Also, the U.S. Supreme Court held that EPA's site-specific variance procedure (contained in the July 2004 rule) was permissible in that the procedure required testing to determine whether costs would be "significantly greater than" the benefits before a variance would be considered. As a result of these developments, our plans and associated estimated costs to comply with Section 316(b) will need to be reassessed and determined in accordance with any revised or new implementing rule after it is established by the EPA. Costs of compliance with a revised or new implementing rule are expected to be higher, and could be significantly higher, than estimated costs under the July 2004 rule. Our cost estimates to comply with the July 2004 rule were $60 million to $90 million, including $5 million to $10 million at PEC and $55 million to $80 million at PEF. In December 2010, consent decrees were entered in two pending federal actions brought by environmental groups against the EPA requiring the EPA to issue proposed Section 316(b) rules by March 14, 2011, and to issue a final decision by July 27, 2012. The outcome of this matter cannot be predicted.

OTHER ENVIRONMENTAL MATTERS

Climate Change

Growing state, federal and international attention to global climate change may result in the regulation of CO_2 and other GHGs. In addition, the Obama administration has begun the process of regulating GHG emissions through use of the CAA. In 2007, the U.S. Supreme Court ruled that the EPA has the authority under the CAA to regulate CO_2 emissions from new automobiles. In 2009, the EPA announced that six GHGs (CO_2, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride) pose a threat to public health and welfare under the CAA. A number of parties have filed petitions for review of this finding in the D.C. Court of Appeals. On December 23, 2010, the EPA announced a schedule for development of a new source performance standard for new and existing fossil fuel-fired electric utility units. Under the schedule, the EPA will propose the standard by July 2011 and issue the final rule by May 2012. The full impact of regulation under GHG initiatives and any final legislation, if enacted, cannot be determined at this time; however, we anticipate that it could result in significant cost increases over time for which the Utilities would seek corresponding rate recovery. We are preparing for a carbon-constrained future and are actively engaged in helping shape effective policies to address the issue.

The state of Florida's 2008 comprehensive energy legislation included a directive that the FDEP develop rules to establish a cap-and-trade program to regulate GHG emissions that would be presented to the legislature. The FDEP has studied GHG policy options and the potential economic impacts, but it has not developed a regulation for the consideration of the legislature. While state-level study groups have been active in all three of our jurisdictions, we continue to believe that this issue requires a national policy framework – one that provides certainty and consistency. Our balanced solution as discussed in "Other Matters – Energy Demand" is a comprehensive plan to meet the anticipated demand in the Utilities' service territories and provides a solid basis for slowing and reducing CO_2 emissions by focusing on energy efficiency, alternative energy and a state-of-the-art power system.

There are ongoing efforts to reach a new international climate change treaty to succeed the Kyoto Protocol. The Kyoto Protocol was originally adopted by the United Nations to address global climate change by reducing emissions of CO_2 and other GHGs. Although the treaty went into effect in 2005, the United States has not adopted it. In 2009, the United Nations Framework Convention on Climate Change convened the 15th Conference of the Parties to conduct further negotiations on GHG emissions reductions. At the conclusion of the conference, a number of the parties, including the United States, entered into a nonbinding accord calling upon the parties to submit emission reduction targets for 2020 to the United Nations Framework Convention on Climate Change Secretariat by the end of January 2010. On January 28, 2010, President Obama submitted a proposal to reduce the U.S. GHG emissions in the range of 17 percent below 2005 levels by 2020, subject to future congressional action.

Reductions in CO_2 emissions to the levels specified by the Kyoto Protocol, potential new international treaties or federal or state proposals could be materially adverse to our financial position or results of operations if associated costs of control or limitation cannot be recovered from ratepayers. The cost impact of legislation or regulation to address global climate change would depend on the specific legislation or regulation enacted and cannot be determined at this time.

In 2009, the EPA issued the final GHG emissions reporting rule, which establishes a national protocol for the reporting of annual GHG emissions. Facilities that emit greater than 25,000 metric tons per year of GHGs must report emissions by March 31 of each year beginning in 2011 for year 2010 emissions. Because the rule builds on current emission-reporting requirements, compliance with the requirements is not expected to have a material impact on the Utilities.

On April 1, 2010, the EPA and the National Highway Transportation Safety Administration jointly announced the first regulation of GHG emissions from new vehicles. The EPA is regulating mobile source GHG emissions under Section 202 of the CAA, which according to the EPA also results in stationary sources, such as coal-fired power plants, being subject to regulation of GHG emissions under the CAA. On March 29, 2010, the EPA issued an interpretation that stationary source GHG emissions will be subject to regulation under the CAA beginning in January 2011. On May 13, 2010, the EPA issued the final "tailoring rule," which establishes the thresholds for applicability of the Prevention of Significant Deterioration program permitting requirements for GHG emissions from stationary sources such as power plants and manufacturing facilities. Prevention of significant deterioration is a

construction air pollution permitting program designed to ensure air quality does not degrade beyond the NAAQS levels or beyond specified incremental amounts above a prescribed baseline level. The tailoring rule initially raises the permitting applicability threshold for GHG emissions to 75,000 tons per year, and it requires that the permitting requirements for GHG emissions from stationary sources begin on January 2, 2011. These developments require PEC and PEF to address GHG emissions in new air quality permits beginning in 2011. The impact of these developments cannot be predicted.

SYNTHETIC FUELS TAX CREDITS

Historically, we had substantial operations associated with the production of coal-based solid synthetic fuels as defined under Section 29 of the Internal Revenue Code (the Code) (Section 29) and as redesignated effective 2006 as Section 45K of the Code (Section 45K) as discussed below. The production and sale of these products qualified for federal income tax credits so long as certain requirements were satisfied. Qualifying synthetic fuels facilities entitled their owners to federal income tax credits based on the barrel of oil equivalent of the synthetic fuels produced and sold by these plants. The synthetic fuels tax credit program expired at the end of 2007, and the synthetic fuels businesses were abandoned and reclassified to discontinued operations.

The amount of Section 29 tax credits that we were allowed to claim in any calendar year through December 31, 2005, was limited by the amount of our regular federal income tax liability. Section 29 tax credit amounts allowed but not utilized are carried forward indefinitely as deferred alternative minimum tax credits. Legislation enacted in 2005 redesignated Section 29 tax credits generated after January 1, 2006, as general business credits under Section 45K of the Code. The redesignation of Section 29 tax credits generated after January 1, 2006, as a Section 45K general business credit removed the regular federal income tax liability limit on synthetic fuels production and subjects the credits to a one-year carry back period and a 20-year carry forward period.

Total Section 29/45K credits generated under the synthetic fuels tax credit program (including those generated by Florida Progress prior to our acquisition) were $1.891 billion, $1.055 billion of which has been used through December 31, 2010, to offset regular federal income tax liability and $836 million is being carried forward as deferred tax credits that do not expire.

See Note 22D and Item 1A, "Risk Factors," for additional discussion related to our previous synthetic fuels operations.

LEGAL

We are subject to federal, state and local legislation and court orders. The specific issues, the status of the issues, accruals associated with issue resolutions and our associated exposures are discussed in detail in Note 22D.

NEW ACCOUNTING STANDARDS

See Note 2 for a discussion of the impact of new accounting standards.

PEC

The information required by this item is incorporated herein by reference to the following portions of Progress Energy's MD&A, insofar as they relate to PEC: "Results of Operations," "Application of Critical Accounting Policies and Estimates," "Liquidity and Capital Resources" and "Other Matters."

The following MD&A and the information incorporated herein by reference contain forward-looking statements that involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Please review "Safe Harbor for Forward-Looking Statements" and Item 1A, "Risk Factors," for a discussion of the factors that may impact any such forward-looking statements made herein.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

PEC has primarily used a combination of debt securities, commercial paper and its revolving credit agreement for liquidity needs in excess of cash provided by operations. PEC also participates in the utility money pool, which allows PEC and PEF to lend and borrow to and from each other.

See discussion of credit ratings in Progress Energy "Credit Rating Matters."

PEC expects to have sufficient resources to meet its future obligations through a combination of cash from operations, availability under its credit facility, money pool borrowings, issuances of commercial paper and long-term debt and/or contributions of equity from the Parent.

CASH FLOW DISCUSSION

HISTORICAL FOR 2010 AS COMPARED TO 2009 AND 2009 AS COMPARED TO 2008

Cash Flows from Operations

Net cash provided by operating activities increased $235 million for 2010, when compared to 2009. The increase was primarily due to the $115 million favorable impact of weather partially offset by $78 million higher nuclear plant outage and maintenance costs included in O&M, both as previously discussed; $141 million lower cash used for inventory, primarily due to higher coal consumption as a result of favorable weather in 2010 that was fulfilled through the 2010 usage of inventory from year-end 2009; $86 million lower cash used for pension and other benefits primarily due to a reduction of contributions made in 2010; and $37 million lower cash paid for income taxes. These amounts were partially offset by a $108 million decrease in the over-recovery of fuel as a result of higher fuel costs in 2010.

Net cash provided by operating activities increased $222 million in 2009, when compared to 2008. The increase in operating cash flow was primarily due to a $187 million over-recovery of fuel in 2009 compared to a $71 million under-recovery of fuel in 2008 due to higher fuel rates in 2009, $67 million in lower net income tax payments and a $63 million decrease in inventory purchases primarily driven by lower coal prices in 2009. These impacts were partially offset by $163 million of pension and other benefits contributions made in 2009.

Investing Activities

Net cash used by investing activities increased $67 million in 2010, when compared with 2009. The increase was primarily due to a $359 million increase in gross property additions and a $61 million increase in nuclear fuel additions, partially offset by a $351 million decrease in advances to affiliated companies. The increase in property additions is primarily due to increased capital expenditures at the Wayne County, New Hanover County and Harris generating facilities. The increase in nuclear fuel additions was primarily due to the three nuclear refueling and maintenance outages in 2010, compared to two in 2009.

Net cash used by investing activities increased $121 million in 2009, when compared with 2008. The increase was primarily due to a $94 million increase in advances to affiliated companies and a $79 million increase in gross property additions, partially offset by a $57 million decrease in nuclear fuel additions. Property additions are primarily for normal construction activity and ongoing capital expenditures related to environmental compliance programs.

Financing Activities

Net cash used by financing activities decreased $10 million for 2010 when compared to 2009. The decrease in net cash used by financing activities was primarily due to the $400 million payment at maturity of long-term debt in 2009, the $110 million net repayment of commercial paper in 2009 and a $100 million reduction in dividends paid to the Parent in 2010 compared to 2009. These impacts were partially offset by $595 million of proceeds from the issuance of long-term debt, net in 2009.

Net cash used by financing activities increased $77 million for 2009 when compared to 2008. The increase in net cash used by financing activities was primarily due to the $200 million in dividends paid to the Parent in 2009, the $110 million net repayment of commercial paper in 2009, the $110 million issuance of commercial paper in 2008, and the $100 million increase in the payment at maturity of long-term debt in 2009 compared to 2008. These impacts were partially offset by a $273 million increase in the proceeds from the issuance of long-term debt, net in 2009 compared to 2008, as well as the $154 million repayment of advances from affiliates in 2008.

On October 15, 2010, PEC entered into a new $750 million, three-year RCA with a syndication of 22 financial institutions. The RCA is used to provide liquidity support for PEC's issuances of commercial paper and other short-term obligations, and for general corporate purposes. The RCA will expire on October 15, 2013. The $450 million RCA was terminated effective October 15, 2010 (See "Credit Facilities and Registration Statements").

On January 15, 2009, PEC issued $600 million of First Mortgage Bonds, 5.30% Series due 2019. A portion of the proceeds was used to repay the maturity of PEC's $400 million 5.95% Senior Notes, due March 1, 2009. The remaining proceeds were used to repay PEC's outstanding short-term debt and for general corporate purposes.

On June 18, 2009, PEC entered into a Seventy-seventh Supplemental Indenture to its Mortgage and Deed of Trust, dated May 1, 1940, as supplemented, in connection with certain amendments to the mortgage. The amendments are set forth in the Seventy-seventh Supplemental Indenture and include an amendment to extend the maturity date of the mortgage by 100 years. The maturity date of the mortgage is now May 1, 2140.

On March 12, 2008, PEC amended its RCA with a syndication of financial institutions to extend the termination date by one year to June 28, 2011. This RCA was terminated on October 15, 2010 (See "Credit Facilities and Registration Statements").

On March 13, 2008, PEC issued $325 million of First Mortgage Bonds, 6.30% Series due 2038. The proceeds were used to repay the maturity of PEC's $300 million 6.65% Medium-Term Notes, Series D, due April 1, 2008, and the remainder was placed in temporary investments for general corporate use as needed.

On November 18, 2008, PEC; the Parent, as a well-known seasoned issuer; and PEF filed a combined shelf registration statement with the SEC, which became effective upon filing with the SEC. The registration statement is effective for three years and does not limit the amount or number of various securities that can be issued (See "Credit Facilities and Registration Statements").

SHORT-TERM DEBT

At December 31, 2010, PEC had no outstanding short-term debt. At the end of each month during 2010, PEC had a maximum short-term debt balance of $12 million and an average short-term debt balance of $2 million at a weighted average interest rate of 0.32 percent. PEC's short-term debt during 2010 consisted solely of money pool borrowings.

FUTURE LIQUIDITY AND CAPITAL RESOURCES

PEC's estimated capital requirements for 2011, 2012 and 2013 are approximately $1.5 billion, $1.3 billion and $1.2 billion, respectively, and primarily reflect construction expenditures to support customer growth, add regulated generation and upgrade existing facilities as discussed in Progress Energy "Capital Expenditures."

PEC expects to fund its capital requirements primarily through a combination of cash from operations, issuance of long-term debt and/or contributions of equity from the Parent. In addition, PEC has a $750 million credit facility that supports the issuance of commercial paper. Access to the commercial paper market and the utility money pool provide additional liquidity to help meet PEC's working capital requirements.

Over the long term, meeting the anticipated load growth will require a balanced approach, including energy conservation and efficiency programs, development and deployment of new energy technologies, and new generation, transmission and distribution facilities, including new generating facilities in the Carolinas currently under construction and the potential for additional new baseload generating facilities toward the middle of the next decade. This approach will require PEC to make significant capital investments. See Progress Energy "Introduction – Strategy" for additional information. PEC may pursue joint ventures or similar arrangements with third parties in order to share some of the financing and operational risks associated with new baseload generation.

PEC has on file with the SEC a shelf registration statement under which it may issue an unlimited number or amount of various long-term debt securities and preferred stock. The shelf registration statement expires on November 18, 2011 (See "Credit Facilities and Registration Statements").

CAPITALIZATION RATIOS

The following table shows each component of capitalization as a percentage of total capitalization at December 31, 2010 and 2009. In addition to total equity and preferred stock, total capitalization includes the following in total debt: long-term debt, net, current portion of long-term debt and capital lease obligations.

	2010	2009
Total equity	**57.9 %**	55.2 %
Preferred stock	**0.7 %**	0.7 %
Total debt	**41.4 %**	44.1 %

See the discussion of PEC's future liquidity and capital resources, including financial market impacts, under Progress Energy and see Note 11 for further information regarding PEC's debt and credit facility.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

See discussion under Progress Energy and Notes 22A, 22B and 22C for information on PEC's off-balance sheet arrangements and contractual obligations at December 31, 2010.

GUARANTEES

See discussion under Progress Energy and Note 22C for a discussion of PEC's guarantees.

MARKET RISK AND DERIVATIVES

Under its risk management policy, PEC may use a variety of instruments, including swaps, options and forward contracts, to manage exposure to fluctuations in commodity prices and interest rates. See Note 17 and Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," for a discussion of market risk and derivatives.

CONTRACTUAL OBLIGATIONS

PEC is party to numerous contracts and arrangements obligating it to make cash payments in future years. These contracts include financial arrangements such as debt agreements and leases, as well as contracts for the purchase of goods and services. In most cases, these contracts contain provisions for price adjustments, minimum purchase

levels and other financial commitments. The commitment amounts presented in the following table are estimates and therefore will likely differ from actual purchase amounts. Further disclosure regarding PEC's contractual obligations is included in the respective notes to the PEC Consolidated Financial Statements. PEC takes into consideration the future commitments when assessing its liquidity and future financing needs.

The following table reflects PEC's contractual cash obligations and other commercial commitments at December 31, 2010, in the respective periods in which they are due:

(in millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt (See Note 11)[a]	$ 3,699	$ -	$ 905	$ 700	$ 2,094
Interest payments on long-term debt[b]	1,844	179	328	246	1,091
Capital lease obligations (See Note 22B)	20	2	12	-	6
Operating leases (See Note 22B)[c]	780	23	71	96	590
Fuel and purchased power (See Note 22A)[d]	8,842	1,367	2,485	1,799	3,191
Other purchase obligations (See Note 22A)	1,172	489	314	66	303
Minimum pension funding requirements[e]	303	79	149	72	3
Other postretirement benefits[f]	238	19	42	47	130
Uncertain tax positions[g]	-	-	-	-	-
Other commitments[h]	91	13	26	26	26
Total	$ 16,989	$ 2,171	$ 4,332	$ 3,052	$ 7,434

[a] PEC's maturing debt obligations are generally expected to be repaid with cash from operations or refinanced with new debt issuances in the capital markets.

[b] Interest payments on long-term debt are based on the interest rate effective at December 31, 2010.

[c] Amounts include certain related executory cost commitments.

[d] Essentially all of PEC's fuel and certain purchased power costs are eligible for recovery through cost-recovery clauses in accordance with state and federal regulations and therefore do not require separate liquidity support. Amounts exclude precedent and conditional contracts of $2.042 billion (See Note 22A).

[e] Represents the projected minimum required contributions to the qualified pension trust for a total of 10 years. These amounts are subject to change significantly based on factors such as pension asset earnings and market interest rates.

[f] Represents projected benefit payments for a total of 10 years related to PEC's postretirement health and life plans and are subject to change based on factors such as experienced claims and general health care cost trends.

[g] Uncertain tax positions of $74 million are not reflected in this table as PEC cannot predict when open income tax years will be closed with completed examinations. It is reasonably possible that the total amounts of PEC's unrecognized tax benefits will decrease by up to approximately $10 million during the 12-month period ending December 31, 2011, due to expected settlements.

[h] By NCUC order, in 2008, PEC began transitioning North Carolina jurisdictional amounts currently retained internally to its external decommissioning funds. The transition of the original $131 million must be complete by December 31, 2017, and at least 10 percent must be transitioned each year.

PEF

The information required by this item is incorporated herein by reference to the following portions of Progress Energy's MD&A, insofar as they relate to PEF: "Results of Operations," "Application of Critical Accounting Policies and Estimates," "Liquidity and Capital Resources" and "Other Matters."

The following MD&A and the information incorporated herein by reference contain forward-looking statements that involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Please review "Safe Harbor for Forward-Looking Statements" and Item 1A, "Risk Factors," for a discussion of the factors that may impact any such forward-looking statements made herein.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

PEF has primarily used a combination of debt securities, equity contributions from the Parent, commercial paper and its revolving credit agreement for liquidity needs in excess of cash provided by operations. PEF also participates in the utility money pool, which allows PEC and PEF to lend and borrow to and from each other.

See discussion of credit ratings in Progress Energy "Credit Rating Matters."

PEF expects to have sufficient resources to meet its future obligations through a combination of cash from operations, availability under its credit facility, money pool borrowings, issuances of commercial paper and long-term debt and/or contributions of equity from the Parent.

CASH FLOW DISCUSSION

HISTORICAL FOR 2010 AS COMPARED TO 2009 AND 2009 AS COMPARED TO 2008

Cash Flows from Operations

Net cash provided by operating activities increased $67 million for 2010, when compared to 2009. The increase was primarily due to the $88 million favorable impact of weather as previously discussed; $98 million net cash receipts from income taxes in 2010 compared to $184 million of net cash payments for income taxes in 2009; and $56 million lower cash used for inventory, primarily due to higher coal consumption in 2010 as a result of favorable weather that was fulfilled through 2010 usage of inventory from year-end 2009. These amounts were partially offset by an $81 million under-recovery of fuel in 2010 compared to a $103 million over-recovery of fuel in 2009 driven by lower fuel rates in 2010 and $6 million of net payments of cash collateral to counterparties on derivative contracts in 2010 compared to $190 million net refunds of cash collateral in 2009.

Net cash provided by operating activities increased $1.086 billion in 2009, when compared with 2008. The increase in operating cash flow was primarily due to a $103 million over-recovery of fuel in 2009 compared to a $262 million under-recovery of fuel in 2008 due to higher fuel rates in 2009; a $323 million payment made in 2008 to counterparties for collateral associated with derivative contracts and $190 million net refunds of cash collateral in 2009. The change in derivative collateral assets was primarily driven by the relative fair values of our commodity derivative instruments (See Note 17A).

Investing Activities

Net cash used by investing activities decreased $541 million in 2010, when compared with 2009. The decrease in cash used by investing activities was primarily due to a $435 million decrease in gross property additions and a $67 million increase in cash provided by other investing activities. The decrease in property additions was driven by decreases in environmental compliance spending and expenditures for nuclear projects. The increase in cash provided by other investing activities is driven by the receipt of $64 million of NEIL insurance proceeds for repairs due to the CR3 extended outage.

Net cash used by investing activities increased $89 million in 2009, when compared with 2008. The increase in cash used by investing activities was primarily due to a $149 million decrease in settlements of advances to affiliates and a $35 million increase in nuclear fuel additions, partially offset by a $103 million decrease in gross property additions. The decrease in property additions was driven by decreases in environmental compliance spending and completion of the Bartow Plant repowering project, partially offset by an increase in expenditures for nuclear projects.

Financing Activities

Net cash provided by financing activities decreased $374 million for 2010 when compared to 2009. The decrease in cash provided by financing activities was primarily due to a $620 million contribution from the Parent in 2009, a $361 million decrease in advances from affiliates and a $300 million retirement at maturity of long-term debt in 2010. The decreases are partially offset by $591 million of proceeds from the issuance of long-term debt in 2010 and $371 million repayment of commercial paper in 2009.

Net cash provided by financing activities decreased $995 million for 2009 when compared to 2008. The decrease in cash provided by financing activities was primarily due to PEF's $1.475 billion in net proceeds from issuance of long-term debt in 2008, outstanding commercial paper issuances of $371 million in 2008, and repayment of commercial paper outstanding of $371 million in 2009, partially offset by receipts of $620 million in contributions from the Parent in 2009 and $532 million of long-term debt retirements in 2008.

On March 25, 2010, PEF issued $250 million of 4.55% First Mortgage Bonds due 2020 and $350 million of 5.65% First Mortgage Bonds due 2040. Proceeds were used to repay the outstanding balance of PEF's notes payable to affiliated companies, to repay the maturity of PEF's $300 million 4.50% First Mortgage Bonds due June 1, 2010, and for general corporate purposes.

On October 15, 2010, PEF entered into a new $750 million, three-year RCA with a syndication of 22 financial institutions. The RCA is used to provide liquidity support for PEF's issuances of commercial paper and other short-term obligations, and for general corporate purposes. The RCA will expire on October 15, 2013. The $450 million RCA was terminated effective October 15, 2010 (See "Credit Facilities and Registration Statements").

In 2009, PEF did not issue or retire long-term debt.

On February 1, 2008, PEF paid at maturity $80 million of its 6.875% First Mortgage Bonds with available cash on hand and commercial paper borrowings.

On March 12, 2008, PEF amended its RCA with a syndication of financial institutions to extend the termination date by one year to March 28, 2011. This RCA was terminated on October 15, 2010 (See "Credit Facilities and Registration Statements").

On June 18, 2008, PEF issued $500 million of First Mortgage Bonds, 5.65% Series due 2018 and $1.000 billion of First Mortgage Bonds, 6.40% Series due 2038. A portion of the proceeds was used to repay PEF's utility money pool borrowings and the remaining proceeds were placed in temporary investments for general corporate use as needed. On August 14, 2008, PEF redeemed the entire outstanding $450 million principal amount of its Series A Floating Rate Notes due November 14, 2008, at 100 percent of par plus accrued interest. The redemption was funded with a portion of the proceeds from the June 18, 2008 debt issuance.

On November 18, 2008, PEF; the Parent, as a well-known seasoned issuer; and PEC filed a combined shelf registration statement with the SEC, which became effective upon filing with the SEC. The registration statement is effective for three years and does not limit the amount or number of various securities that can be issued (See "Credit Facilities and Registration Statements").

SHORT-TERM DEBT

At December 31, 2010, PEF had outstanding short-term debt consisting of money pool borrowings totaling $9 million at an interest rate of 0.37 percent. At the end of each month during 2010, PEF had a maximum short-term

debt balance of $259 million and an average short-term debt balance of $46 million at a weighted average interest rate of 0.29 percent. PEF's short-term debt during 2010 consisted solely of money pool borrowings.

FUTURE LIQUIDITY AND CAPITAL RESOURCES

PEF's estimated capital requirements for 2011, 2012 and 2013 are approximately $720 million to $765 million, $785 million to $830 million, and $1.0 billion to $1.1 billion, respectively, and primarily reflect construction expenditures to support customer growth, add regulated generation and upgrade existing facilities as discussed in Progress Energy "Capital Expenditures." PEF's estimated capital requirements include potential nuclear construction expenditures for Levy. Forecasted potential nuclear construction expenditures are dependent upon, and may vary significantly based upon, the decision to build, regulatory approval schedules, timing and escalation of project costs, and the percentages of joint ownership. Because of announced schedule shifts, we negotiated an amendment to the Levy EPC agreement (See discussion under "Other Matters – Nuclear – Potential New Construction"). The forecasted capital expenditures reflect the announced schedule shift. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items and PEF has been in suspension negotiations with the selected equipment vendors, which PEF anticipates concluding by the end of the first quarter of 2011. Potential nuclear construction expenditures are subject to cost-recovery provisions.

PEF expects to fund its capital requirements primarily through a combination of cash from operations, issuance of long-term debt and/or contributions of equity from the Parent. In addition, PEF has a $750 million credit facility that supports the issuance of commercial paper. Access to the commercial paper market and the utility money pool provide additional liquidity to help meet PEF's working capital requirements.

At December 31, 2010, the current portion of PEF's long-term debt was $300 million, which we expect to fund with a combination of cash from operations, commercial paper borrowings and/or long-term debt.

Over the long term, meeting the anticipated load growth will require a balanced approach, including energy conservation and efficiency programs, development and deployment of new energy technologies, and new generation, transmission and distribution facilities, potentially including new baseload generating facilities in Florida toward the middle of the next decade. This approach will require PEF to make significant capital investments. PEF may pursue joint ventures or similar arrangements with third parties in order to share some of the financing and operational risks associated with new baseload generation.

PEF has on file with the SEC a shelf registration statement under which it may issue an unlimited number or amount of various long-term debt securities and preferred stock. The shelf registration statement expires on November 18, 2011 (See "Credit Facilities and Registration Statements").

CAPITALIZATION RATIOS

The following table shows each component of capitalization as a percentage of total capitalization at December 31, 2010 and 2009. In addition to total common stock equity and preferred stock, total capitalization includes the following in total debt: long-term debt, net, current portion of long-term debt, notes payable to affiliate companies and capital lease obligations.

	2010	2009
Total common stock equity	**50.9 %**	49.1 %
Preferred stock	**0.3 %**	0.4 %
Total debt	**48.8 %**	50.5 %

See the discussion of PEF's future liquidity and capital resources, including financial market impacts, under Progress Energy and see Note 11 for further information regarding PEF's debt and credit facility.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

See discussion under Progress Energy and Notes 22A, 22B and 22C for information on PEF's off-balance sheet arrangements and contractual obligations at December 31, 2010.

MARKET RISK AND DERIVATIVES

Under its risk management policy, PEF may use a variety of instruments, including swaps, options and forward contracts, to manage exposure to fluctuations in commodity prices and interest rates. See Note 17 and Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," for a discussion of market risk and derivatives.

CONTRACTUAL OBLIGATIONS

This information called for by Item 7 is omitted for PEF pursuant to Instruction I(2)(a) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various risks related to changes in market conditions. Market risk represents the potential loss arising from adverse changes in market rates and prices. We have a risk management committee that includes senior executives from various business groups. The risk management committee is responsible for administering risk management policies and monitoring compliance with those policies by all subsidiaries. Under our risk policy, we may use a variety of instruments, including swaps, options and forward contracts, to manage exposure to fluctuations in commodity prices and interest rates. Such instruments contain credit risk to the extent that the counterparty fails to perform under the contract. We minimize such risk by performing credit and financial reviews using a combination of financial analysis and publicly available credit ratings of such counterparties (See Note 17). Both PEC and PEF also have limited counterparty exposure for commodity hedges (primarily gas and oil hedges) by spreading concentration risk over a number of counterparties.

The following disclosures about market risk contain forward-looking statements that involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Please review Item 1A, "Risk Factors," and "Safe Harbor for Forward-Looking Statements" for a discussion of the factors that may impact any such forward-looking statements made herein.

Certain market risks are inherent in our financial instruments, which arise from transactions entered into in the normal course of business. Our primary exposures are changes in interest rates with respect to our long-term debt and commercial paper, fluctuations in the return on marketable securities with respect to our NDT funds, changes in the market value of CVOs and changes in energy-related commodity prices.

These financial instruments are held for purposes other than trading. The risks discussed below do not include the price risks associated with nonfinancial instrument transactions and positions associated with our operations, such as purchase and sales commitments and inventory.

PROGRESS ENERGY

INTEREST RATE RISK

As part of our debt portfolio management and daily cash management, we have variable rate long-term debt and may have commercial paper and/or loans outstanding under our RCA facilities, which are also exposed to floating interest rates. Approximately 7 percent and 9 percent of consolidated debt had variable rates at December 31, 2010 and 2009, respectively.

Based on our variable rate long-term debt balances at December 31, 2010, a 100 basis point change in interest rates would result in an annual pre-tax interest expense change of approximately $9 million. We had no outstanding short-term debt at December 31, 2010.

From time to time, we use interest rate derivative instruments to adjust the mix between fixed and floating rate debt in our debt portfolio, to mitigate our exposure to interest rate fluctuations associated with certain debt instruments and to hedge interest rates with regard to future fixed-rate debt issuances.

The notional amounts of interest rate derivatives are not exchanged and do not represent exposure to credit loss. In the event of default by a counterparty, the exposure in the transaction is the cost of replacing the agreements at current market rates.

We use a number of models and methods to determine interest rate risk exposure and fair value of derivative positions. For reporting purposes, fair values and exposures of derivative positions are determined as of the end of the reporting period using the Bloomberg Financial Markets system.

In accordance with GAAP, interest rate derivatives that qualify as hedges are separated into one of two categories: cash flow hedges or fair value hedges. Cash flow hedges are used to reduce exposure to changes in cash flow due to fluctuating interest rates. Fair value hedges are used to reduce exposure to changes in fair value due to interest rate changes.

The following tables provide information, at December 31, 2010 and 2009, about our interest rate risk-sensitive instruments. The tables present principal cash flows and weighted-average interest rates by expected maturity dates for the fixed and variable rate long-term debt and Parent-obligated mandatorily redeemable preferred securities of trust. The tables also include estimates of the fair value of our interest rate risk-sensitive instruments based on quoted market prices for these or similar issues. For interest rate forward contracts, the tables present notional amounts and weighted-average interest rates by contractual mandatory termination dates for 2011 to 2015 and thereafter and the related fair value. Notional amounts are used to calculate the settlement amounts under the interest rate forward contracts. See Note 17 for more information on interest rate derivatives.

December 31, 2010								**Fair Value December 31,**
(dollars in millions)	**2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total**	**2010**
Fixed-rate long-term debt	**$ 1,000**	**$ 950**	**$ 830**	**$ 300**	**$ 1,000**	**$ 7,449**	**$ 11,529**	**$ 12,826**
Average interest rate	**6.96 %**	**6.67 %**	**4.96 %**	**6.05 %**	**5.18 %**	**6.18 %**	**6.11 %**	
Variable-rate long-term debt	**-**	**-**	**-**	**-**	**-**	**$ 861**	**$ 861**	**$ 861**
Average interest rate	**-**	**-**	**-**	**-**	**-**	**0.53 %**	**0.53 %**	
Debt to affiliated trust[a]	**-**	**-**	**-**	**-**	**-**	**$ 309**	**$ 309**	**$ 315**
Interest rate	**-**	**-**	**-**	**-**	**-**	**7.10 %**	**7.10 %**	
Interest rate forward contracts[b]	**$ 550**	**$ 400**	**$ 100**	**-**	**-**	**-**	**$ 1,050**	**$ (35)**
Average pay rate	**4.19 %**	**4.23 %**	**4.37 %**	**-**	**-**	**-**	**4.22 %**	
Average receive rate	**[c]**	**[c]**	**[c]**	**-**	**-**	**-**	**[c]**	

[a] Florida Progress Funding Corporation - Junior Subordinated Deferrable Interest Notes.

[b] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[c] Rate is 3-month London Inter Bank Offered Rate (LIBOR), which was 0.30% at December 31, 2010.

During January 2011, Progress Energy terminated $300 million notional of forward starting swaps in conjunction with the issuance of $500 million of 4.40% Senior Notes.

At December 31, 2010, Progress Energy had $1.050 billion notional of open forward starting swaps, including $350 million notional at PEC and $200 million notional at PEF.

December 31, 2009								Fair Value December 31,
(dollars in millions)	2010	2011	2012	2013	2014	Thereafter	Total	2009
Fixed-rate long-term debt	$ 306	$ 1,000	$ 950	$ 825	$ 300	$ 7,864	$ 11,245	$ 12,126
Average interest rate	4.53 %	6.96 %	6.67 %	4.96 %	6.05 %	6.13 %	6.12 %	
Variable-rate long-term debt	$ 100	-	-	-	-	$ 861	$ 961	$ 961
Average interest rate	0.73 %	-	-	-	-	0.45 %	0.48 %	
Debt to affiliated trust[a]	-	-	-	-	-	$ 309	$ 309	$ 315
Interest rate	-	-	-	-	-	7.10 %	7.10 %	
Interest rate forward contracts[b]	$ 75	$ 150	$ 100	-	-	-	$ 325	$ 19
Average pay rate	3.48 %	4.03 %	4.07 %	-	-	-	3.91 %	
Average receive rate	[c]	[c]	[c]	-	-	-	[c]	

[a] Florida Progress Funding Corporation - Junior Subordinated Deferrable Interest Notes.

[b] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[c] Rate is 3-month LIBOR, which was 0.25% at December 31, 2009.

At December 31, 2009, Progress Energy had $325 million notional of open forward starting swaps, including $100 million notional at PEC and $75 million notional at PEF.

MARKETABLE SECURITIES PRICE RISK

The Utilities maintain trust funds, pursuant to NRC requirements, to fund certain costs of decommissioning their nuclear plants. These funds are primarily invested in stocks, bonds and cash equivalents, which are exposed to price fluctuations in equity markets and to changes in interest rates. At December 31, 2010 and December 31, 2009, the fair value of these funds was $1.571 billion and $1.367 billion, respectively, including $1.017 billion and $871 million, respectively, for PEC and $554 million and $496 million, respectively, for PEF. We actively monitor our portfolio by benchmarking the performance of our investments against certain indices and by maintaining, and periodically reviewing, target allocation percentages for various asset classes. The accounting for nuclear decommissioning recognizes that the Utilities' regulated electric rates provide for recovery of these costs net of any trust fund earnings, and, therefore, fluctuations in trust fund marketable security returns do not affect earnings. See Note 13 for further information on the trust fund securities.

CONTINGENT VALUE OBLIGATIONS MARKET VALUE RISK

CVOs are recorded at fair value, and unrealized gains and losses from changes in fair value are recognized in earnings. At December 31, 2010 and December 31, 2009, the fair value of CVOs was $15 million. We perform sensitivity analyses to estimate our exposure to the market risk of the CVOs. The sensitivity analyses performed on the CVOs uses quoted prices obtained from brokers or quote services to measure the potential loss in earnings from a hypothetical 10 percent adverse change in market prices over the next 12 months. A hypothetical 10 percent increase in the December 31, 2010 market price would result in a $2 million increase in the fair value of the CVOs and a corresponding increase in the CVO liability.

COMMODITY PRICE RISK

We are exposed to the effects of market fluctuations in the price of natural gas, coal, fuel oil, electricity and other energy-related products marketed and purchased as a result of our ownership of energy-related assets. Our exposure to these fluctuations is significantly limited by the cost-based regulation of the Utilities. Each state commission allows electric utilities to recover certain of these costs through various cost-recovery clauses to the extent the respective commission determines that such costs are prudent. Therefore, while there may be a delay in the timing between when these costs are incurred and when these costs are recovered from the ratepayers, changes from year to year have no material impact on operating results. In addition, most of our long-term power sales contracts shift substantially all fuel price risk to the purchaser.

Most of our physical commodity contracts are not derivatives or qualify as normal purchases or sales. Therefore, such contracts are not recorded at fair value. At December 31, 2010, substantially all derivative commodity instrument positions were subject to retail regulatory treatment.

See Note 17 for additional information with regard to our commodity contracts and use of economic and cash flow derivative financial instruments.

PEC

PEC has certain market risks inherent in its financial instruments, which arise from transactions entered into in the normal course of business. PEC's primary exposures are changes in interest rates with respect to long-term debt and commercial paper, fluctuations in the return on marketable securities with respect to its NDT funds and changes in energy-related commodity prices.

The information required by this item is incorporated herein by reference to Progress Energy's Quantitative and Qualitative Disclosures About Market Risk insofar as it relates to PEC.

INTEREST RATE RISK

The following tables provide information at December 31, 2010 and 2009, about PEC's interest rate risk-sensitive instruments:

December 31, 2010								Fair Value December 31,
(dollars in millions)	2011	2012	2013	2014	2015	Thereafter	Total	2010
Fixed-rate long-term debt	$ -	$ 500	$ 405	$ -	$ 700	$ 1,474	$ 3,079	$ 3,413
Average interest rate	-	6.50 %	5.14 %		5.21 %	5.91 %	5.75 %	
Variable-rate long-term debt	-	-	-	-	-	$ 620	$ 620	$ 620
Average interest rate	-	-	-	-	-	0.54 %	0.54 %	
Interest rate forward contracts[a]	$ 100	$ 200	$ 50	-	-	-	$ 350	$ (8)
Average pay rate	4.31 %	4.27 %	4.43 %	-	-	-	4.30 %	
Average receive rate	[b]	[b]	[b]	-	-	-	[b]	

[a] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[b] Rate is 3-month LIBOR, which was 0.30% at December 31, 2010.

At December 31, 2010, PEC had $350 million notional of open forward starting swaps to mitigate exposure to interest rate risk in anticipation of future debt issuances.

December 31, 2009								Fair Value December 31,
(dollars in millions)	2010	2011	2012	2013	2014	Thereafter	Total	2009
Fixed-rate long-term debt	$ 6	$ -	$ 500	$ 400	$ -	$ 2,189	$ 3,095	$ 3,352
Average interest rate	6.30 %	-	6.50 %	5.13 %	-	5.69 %	5.75 %	
Variable-rate long-term debt	-	-	-	-	-	$ 620	$ 620	$ 620
Average interest rate	-	-	-	-	-	0.45 %	0.45 %	
Interest rate forward contracts[a]	-	-	$ 100	-	-	-	$ 100	$ 8
Average pay rate	-	-	4.07 %	-	-	-	4.07 %	
Average receive rate	-	-	[b]	-	-	-	[b]	

[a] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[b] Rate is 3-month LIBOR, which was 0.25% at December 31, 2009.

At December 31, 2009, PEC had $100 million notional of open forward starting swaps to mitigate exposure to interest rate risk in anticipation of future debt issuances.

COMMODITY PRICE RISK

PEC is exposed to the effects of market fluctuations in the price of natural gas, coal, fuel oil, electricity and other energy-related products marketed and purchased as a result of its ownership of energy-related assets. PEC's exposure to these fluctuations is significantly limited by the cost-based regulation. Each state commission allows electric utilities to recover certain of these costs through various cost-recovery clauses to the extent the respective commission determines that such costs are prudent. Therefore, while there may be a delay in the timing between when these costs are incurred and when these costs are recovered from the ratepayers, changes from year to year have no material impact on operating results. See "Commodity Price Risk" discussion under Progress Energy mentioned previously and Note 17 for additional information with regard to PEC's commodity contracts and use of derivative financial instruments.

PEF

PEF has certain market risks inherent in its financial instruments, which arise from transactions entered into in the normal course of business. PEF's primary exposures are changes in interest rates with respect to long-term debt and commercial paper, fluctuations in the return on marketable securities with respect to its NDT funds, and changes in energy-related commodity prices.

The information required by this item is incorporated herein by reference by Progress Energy's Quantitative and Qualitative Disclosures About Market Risk insofar as it relates to PEF.

INTEREST RATE RISK

The following tables provide information at December 31, 2010 and 2009, about PEF's interest rate risk-sensitive instruments:

December 31, 2010							**Fair Value December 31,**
(dollars in millions)	**2011**	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total**	**2010**
Fixed-rate long-term debt	**$ 300**	**$ -**	**$ 425**	**$ -**	**$ 300**	**$ 3,225**	**$ 4,250**	**$ 4,730**
Average interest rate	**6.65 %**	**-**	**4.80 %**	**-**	**5.10 %**	**5.99 %**	**5.85 %**	
Variable-rate long-term debt	**-**	**-**	**-**	**-**	**-**	**$ 241**	**$ 241**	**$ 241**
Average interest rate	**-**	**-**	**-**	**-**	**-**	**0.52 %**	**0.52 %**	
Interest rate forward contracts[a]	**$ 150**	**-**	**$ 50**	**-**	**-**	**-**	**$ 200**	**$ (7)**
Average pay rate	**4.18 %**	**-**	**4.30 %**	**-**	**-**	**-**	**4.21 %**	
Average receive rate	**[b]**	**-**	**[b]**	**-**	**-**	**-**	**[b]**	

[a] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[b] Rate is 3-month LIBOR, which was 0.30% at December 31, 2010.

At December 31, 2010, PEF had $200 million notional of open forward starting swaps to mitigate exposure to interest rate risk in anticipation of future debt issuances.

December 31, 2009							Fair Value December 31,
(dollars in millions)	2010	2011	2012	2013	2014	Thereafter	Total	2009
Fixed-rate long-term debt	$ 300	$ 300	$ -	$ 425	$ -	$ 2,925	$ 3,950	$ 4,252
Average interest rate	4.50 %	6.65 %	-	4.80 %	-	6.06 %	5.85 %	
Variable-rate long-term debt	-	-	-	-	-	$ 241	$ 241	$ 241
Average interest rate	-	-	-	-	-	0.47 %	0.47 %	
Interest rate forward contracts[a]	$ 75	-	-	-	-	-	$ 75	$ 5
Average pay rate	3.48 %	-	-	-	-	-	3.48 %	
Average receive rate	[b]	-	-	-	-	-	[b]	

[a] Notional amount of 10-year forward starting swaps are categorized by mandatory cash settlement date.

[b] Rate is 3-month LIBOR, which was 0.25% at December 31, 2009.

At December 31, 2009, PEF had $75 million notional of open forward starting swaps to mitigate exposure to interest rate risk in anticipation of future debt issuances.

COMMODITY PRICE RISK

PEF is exposed to the effects of market fluctuations in the price of natural gas, coal, fuel oil, electricity and other energy-related products marketed and purchased as a result of its ownership of energy-related assets. PEF's

exposure to these fluctuations is significantly limited by its cost-based regulation. The FPSC allows PEF to recover certain fuel and purchased power costs to the extent the FPSC determines that such costs are prudent. Therefore, while there may be a delay in the timing between when these costs are incurred and when these costs are recovered from the ratepayers, changes from year to year have no material impact on operating results. See "Commodity Price Risk" discussion under Progress Energy mentioned previously and Note 17 for additional information with regard to PEF's commodity contracts and use of derivative financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements, supplementary data and financial statement schedules are included herein:

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Each of the preceding combined notes to the financial statements of the Progress Registrants are applicable to Progress Energy, Inc. but not to each of PEC and PEF. The following table sets forth which notes are applicable to each of PEC and PEF.

Registrant	Applicable Notes
PEC	1, 2, 4 through 7, 9 through 14, 16 through 18, 20 through 22, 24 and 25
PEF	1, 2, 4 through 7, 9 through 14, 16 through 18, 20 through 22, 24 and 25

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF PROGRESS ENERGY, INC.:

We have audited the accompanying consolidated balance sheets of Progress Energy, Inc. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, comprehensive income, changes in total equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the consolidated financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Progress Energy, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2011, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

February 28, 2011

PROGRESS ENERGY, INC.

CONSOLIDATED STATEMENTS of INCOME

(in millions except per share data)

Years ended December 31	2010	2009	2008
Operating revenues	**$ 10,190**	$ 9,885	$ 9,167
Operating expenses			
Fuel used in electric generation	**3,300**	3,752	3,021
Purchased power	**1,279**	911	1,299
Operation and maintenance	**2,027**	1,894	1,820
Depreciation, amortization and accretion	**920**	986	839
Taxes other than on income	**580**	557	508
Other	**30**	13	(3)
Total operating expenses	**8,136**	8,113	7,484
Operating income	**2,054**	1,772	1,683
Other income (expense)			
Interest income	**7**	14	24
Allowance for equity funds used during construction	**92**	124	122
Other, net	**-**	6	(17)
Total other income, net	**99**	144	129
Interest charges			
Interest charges	**779**	718	679
Allowance for borrowed funds used during construction	**(32)**	(39)	(40)
Total interest charges, net	**747**	679	639
Income from continuing operations before income tax	**1,406**	1,237	1,173
Income tax expense	**539**	397	395
Income from continuing operations	**867**	840	778
Discontinued operations, net of tax	**(4)**	(79)	58
Net income	**863**	761	836
Net income attributable to noncontrolling interests, net of tax	**(7)**	(4)	(6)
Net income attributable to controlling interests	**$ 856**	$ 757	$ 830
Average common shares outstanding – basic	**291**	279	262
Basic and diluted earnings per common share			
Income from continuing operations attributable to controlling interests, net of tax	**$ 2.96**	$ 2.99	$ 2.95
Discontinued operations attributable to controlling interests, net of tax	**(0.01)**	(0.28)	0.22
Net income attributable to controlling interests	**$ 2.95**	$ 2.71	$ 3.17
Dividends declared per common share	**$ 2.480**	$ 2.480	$ 2.465
Amounts attributable to controlling interests			
Income from continuing operations, net of tax	**$ 860**	$ 836	$ 773
Discontinued operations, net of tax	**(4)**	(79)	57
Net income attributable to controlling interests	**$ 856**	$ 757	$ 830

See Notes to Progress Energy, Inc. Consolidated Financial Statements.

PROGRESS ENERGY, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)	December 31, 2010	December 31, 2009
ASSETS		
Utility plant		
Utility plant in service	$ 29,708	$ 28,353
Accumulated depreciation	(11,567)	(11,176)
Utility plant in service, net	18,141	17,177
Other utility plant, net	220	212
Construction work in progress	2,205	1,790
Nuclear fuel, net of amortization	674	554
Total utility plant, net	21,240	19,733
Current assets		
Cash and cash equivalents	611	725
Receivables, net	1,033	800
Inventory	1,226	1,325
Regulatory assets	176	142
Derivative collateral posted	164	146
Income taxes receivable	52	145
Prepayments and other current assets	214	248
Total current assets	3,476	3,531
Deferred debits and other assets		
Regulatory assets	2,374	2,179
Nuclear decommissioning trust funds	1,571	1,367
Miscellaneous other property and investments	413	438
Goodwill	3,655	3,655
Other assets and deferred debits	325	333
Total deferred debits and other assets	8,338	7,972
Total assets	$ 33,054	$ 31,236
CAPITALIZATION AND LIABILITIES		
Common stock equity		
Common stock without par value, 500 million shares authorized, 293 million and 281 million shares issued and outstanding, respectively	$ 7,343	$ 6,873
Unearned ESOP shares (0 and 1 million shares, respectively)	-	(12)
Accumulated other comprehensive loss	(125)	(87)
Retained earnings	2,805	2,675
Total common stock equity	10,023	9,449
Noncontrolling interests	4	6
Total equity	10,027	9,455
Preferred stock of subsidiaries	93	93
Long-term debt, affiliate	273	272
Long-term debt, net	11,864	11,779
Total capitalization	22,257	21,599
Current liabilities		
Current portion of long-term debt	505	406
Short-term debt	-	140
Accounts payable	994	835
Interest accrued	216	206
Dividends declared	184	175
Customer deposits	324	300
Derivative liabilities	259	190
Accrued compensation and other benefits	175	167
Other current liabilities	298	239
Total current liabilities	2,955	2,658
Deferred credits and other liabilities		
Noncurrent income tax liabilities	1,696	1,196
Accumulated deferred investment tax credits	110	117
Regulatory liabilities	2,635	2,510
Asset retirement obligations	1,200	1,170
Accrued pension and other benefits	1,514	1,339
Derivative liabilities	278	240
Other liabilities and deferred credits	409	407
Total deferred credits and other liabilities	7,842	6,979
Commitments and contingencies (Notes 21 and 22)		
Total capitalization and liabilities	$ 33,054	$ 31,236

See Notes to Progress Energy, Inc. Consolidated Financial Statements.

PROGRESS ENERGY, INC.

CONSOLIDATED STATEMENTS of CASH FLOWS

(in millions) Years ended December 31	2010	2009	2008
Operating activities			
Net income	$ 863	$ 761	$ 836
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and accretion	1,083	1,135	957
Deferred income taxes and investment tax credits, net	478	220	411
Deferred fuel (credit) cost	(2)	290	(333)
Allowance for equity funds used during construction	(92)	(124)	(122)
Loss (gain) on sales of assets	9	2	(75)
Pension, postretirement and other employee benefits	198	135	71
Other adjustments to net income	40	134	64
Cash (used) provided by changes in operating assets and liabilities			
Receivables	(200)	26	233
Inventory	98	(99)	(237)
Derivative collateral posted	(23)	200	(340)
Other assets	(1)	14	(37)
Income taxes, net	90	(14)	(169)
Accounts payable	125	(26)	77
Accrued pension and other benefits	(164)	(285)	(39)
Other liabilities	35	(98)	(79)
Net cash provided by operating activities	2,537	2,271	1,218
Investing activities			
Gross property additions	(2,221)	(2,295)	(2,333)
Nuclear fuel additions	(221)	(200)	(222)
Purchases of available-for-sale securities and other investments	(7,009)	(2,350)	(1,590)
Proceeds from available-for-sale securities and other investments	6,990	2,314	1,534
Other investing activities	61	(1)	70
Net cash used by investing activities	(2,400)	(2,532)	(2,541)
Financing activities			
Issuance of common stock, net	434	623	132
Dividends paid on common stock	(717)	(693)	(642)
Payments of short-term debt with original maturities greater than 90 days	-	(629)	(176)
Proceeds from issuance of short-term debt with original maturities greater than 90 days	-	-	629
Net (decrease) increase in short-term debt	(140)	(381)	496
Proceeds from issuance of long-term debt, net	591	2,278	1,797
Retirement of long-term debt	(400)	(400)	(877)
Cash distributions to noncontrolling interests	(6)	(6)	(85)
Other financing activities	(13)	14	(26)
Net cash (used) provided by financing activities	(251)	806	1,248
Net (decrease) increase in cash and cash equivalents	(114)	545	(75)
Cash and cash equivalents at beginning of year	725	180	255
Cash and cash equivalents at end of year	$ 611	$ 725	$ 180
Supplemental disclosures			
Cash paid for interest, net of amount capitalized	$ 709	$ 701	$ 612
Cash (received) paid for income taxes	(56)	87	152
Significant noncash transactions			
Accrued property additions	313	252	334
Asset retirement obligation additions and estimate revisions	(36)	(384)	14

See Notes to Progress Energy, Inc. Consolidated Financial Statements.

PROGRESS ENERGY, INC.

CONSOLIDATED STATEMENTS of CHANGES in TOTAL EQUITY

(in millions except per share data)	Common Stock Outstanding Shares	Common Stock Outstanding Amount	Unearned ESOP Shares	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Noncontrolling Interests	Total Equity
Balance, December 31, 2007	**260**	**$ 6,028**	**$ (37)**	**$ (34)**	**$ 2,438**	**$ 84**	**$ 8,479**
Net income		-	-	-	830	6	836
Other comprehensive loss		-	-	(82)	-	-	(82)
Issuance of shares	4	132	-	-	-	-	132
Allocation of ESOP shares		13	12	-	-	-	25
Stock-based compensation expense		33	-	-	-	-	33
Dividends ($2.465 per share)		-	-	-	(646)	-	(646)
Distributions to noncontrolling interests		-	-	-	-	(85)	(85)
Contributions from noncontrolling interests		-	-	-	-	2	2
Other		-	-	-	-	(1)	(1)
Balance, December 31, 2008	**264**	**6,206**	**(25)**	**(116)**	**2,622**	**6**	**8,693**
Net income[a]		-	-	-	757	-	757
Other comprehensive income		-	-	29	-	-	29
Issuance of shares	17	623	-	-	-	-	623
Allocation of ESOP shares		8	13	-	-	-	21
Stock-based compensation expense		36	-	-	-	-	36
Dividends ($2.480 per share)		-	-	-	(704)	-	(704)
Distributions to noncontrolling interests		-	-	-	-	(1)	(1)
Other		-	-	-	-	1	1
Balance, December 31, 2009	**281**	**6,873**	**(12)**	**(87)**	**2,675**	**6**	**9,455**
Cumulative effect of change in accounting principle (Note 2)		-	-	-	-	**(2)**	**(2)**
Net income[a]		-	-	-	**856**	**3**	**859**
Other comprehensive loss		-	-	**(38)**	-	-	**(38)**
Issuance of shares	**12**	**434**	-	-	-	-	**434**
Allocation of ESOP shares		**9**	**12**	-	-	-	**21**
Stock-based compensation expense		**27**	-	-	-	-	**27**
Dividends ($2.480 per share)		-	-	-	**(726)**	-	**(726)**
Distributions to noncontrolling interests		-	-	-	-	**(2)**	**(2)**
Other		-	-	-	-	**(1)**	**(1)**
Balance, December 31, 2010	**293**	**$ 7,343**	**$ -**	**$ (125)**	**$ 2,805**	**$ 4**	**$ 10,027**

[a] For the year ended December 31, 2010, consolidated net income of $863 million includes $4 million attributable to preferred shareholders of subsidiaries, which is not a component of total equity and is excluded from the table above. For the year ended December 31, 2009, consolidated net income of $761 million includes $4 million attributable to preferred shareholders of subsidiaries, which is not a component of total equity and is excluded from the table above.

See Notes to Progress Energy, Inc. Consolidated Financial Statements

PROGRESS ENERGY, INC.

CONSOLIDATED STATEMENTS of COMPREHENSIVE INCOME

(in millions) Years ended December 31,	2010	2009	2008
Net income	$ 863	$ 761	$ 836
Other comprehensive income (loss)			
Reclassification adjustments included in net income			
Change in cash flow hedges (net of tax expense of $4, $4 and $2)	6	6	3
Change in unrecognized items for pension and other postretirement benefits (net of tax expense of $2, $3 and $1)	3	4	1
Net unrealized (losses) gains on cash flow hedges (net of tax benefit (expense) of $22, $(10) and $24)	(34)	16	(37)
Net unrecognized items for pension and other postretirement benefits (net of tax benefit (expense) of $8, $(1) and $29)	(13)	2	(49)
Other (net of tax benefit of $-, $- and $1)	-	1	-
Other comprehensive (loss) income	(38)	29	(82)
Comprehensive income	825	790	754
Comprehensive income attributable to noncontrolling interests, net of tax	(7)	(4)	(6)
Comprehensive income attributable to controlling interests	$ 818	$ 786	$ 748

See Notes to Progress Energy, Inc. Consolidated Financial Statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.:

We have audited the accompanying consolidated balance sheets of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. and subsidiaries ("PEC") as of December 31, 2010 and 2009, and the related consolidated statements of income, comprehensive income, changes in total equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the consolidated financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. PEC is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PEC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Progress Energy Carolinas, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

February 28, 2011

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED STATEMENTS of INCOME

(in millions)

Years ended December 31	2010	2009	2008
Operating revenues	$ 4,922	$ 4,627	$ 4,429
Operating expenses			
Fuel used in electric generation	1,686	1,680	1,346
Purchased power	302	229	346
Operation and maintenance	1,158	1,072	1,030
Depreciation, amortization and accretion	479	470	518
Taxes other than on income	218	210	198
Other	8	-	(5)
Total operating expenses	3,851	3,661	3,433
Operating income	1,071	966	996
Other income (expense)			
Interest income	3	5	12
Allowance for equity funds used during construction	64	33	27
Other, net	-	(18)	4
Total other income, net	67	20	43
Interest charges			
Interest charges	205	207	219
Allowance for borrowed funds used during construction	(19)	(12)	(12)
Total interest charges, net	186	195	207
Income before income tax	952	791	832
Income tax expense	350	277	298
Net income	602	514	534
Net loss attributable to noncontrolling interests, net of tax	1	2	-
Net income attributable to controlling interests	603	516	534
Preferred stock dividend requirement	(3)	(3)	(3)
Net income available to parent	$ 600	$ 513	$ 531

See Notes to Progress Energy Carolinas, Inc. Consolidated Financial Statements.

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED BALANCE SHEETS

(in millions)	December 31, 2010	December 31, 2009
ASSETS		
Utility plant		
Utility plant in service	$ 16,388	$ 15,732
Accumulated depreciation	(7,324)	(7,121)
Utility plant in service, net	9,064	8,611
Other utility plant, net	184	177
Construction work in progress	1,233	702
Nuclear fuel, net of amortization	480	396
Total utility plant, net	10,961	9,886
Current assets		
Cash and cash equivalents	230	35
Receivables, net	519	442
Receivables from affiliated companies	44	33
Notes receivable from affiliated companies	2	204
Inventory	590	677
Deferred fuel cost	71	88
Income taxes receivable	90	38
Prepayments and other current assets	110	61
Total current assets	1,656	1,578
Deferred debits and other assets		
Regulatory assets	987	873
Nuclear decommissioning trust funds	1,017	871
Miscellaneous other property and investments	183	199
Other assets and deferred debits	95	95
Total deferred debits and other assets	2,282	2,038
Total assets	$ 14,899	$ 13,502
CAPITALIZATION AND LIABILITIES		
Common stock equity		
Common stock without par value, 200 million shares authorized, 160 million shares issued and outstanding	$ 2,130	$ 2,108
Unearned ESOP shares	-	(12)
Accumulated other comprehensive loss	(33)	(27)
Retained earnings	3,083	2,588
Total common stock equity	5,180	4,657
Noncontrolling interests	-	3
Total equity	5,180	4,660
Preferred stock	59	59
Long-term debt, net	3,693	3,703
Total capitalization	8,932	8,422
Current liabilities		
Current portion of long-term debt	-	6
Accounts payable	534	355
Payables to affiliated companies	109	72
Interest accrued	74	70
Customer deposits	106	95
Derivative liabilities	53	29
Accrued compensation and other benefits	99	86
Other current liabilities	81	50
Total current liabilities	1,056	763
Deferred credits and other liabilities		
Noncurrent income tax liabilities	1,608	1,258
Accumulated deferred investment tax credits	104	110
Regulatory liabilities	1,461	1,293
Asset retirement obligations	849	801
Accrued pension and other benefits	723	708
Other liabilities and deferred credits	166	147
Total deferred credits and other liabilities	4,911	4,317
Commitments and contingencies (Notes 21 and 22)		
Total capitalization and liabilities	$ 14,899	$ 13,502

See Notes to Progress Energy Carolinas, Inc. Consolidated Financial Statements.

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED STATEMENTS of CASH FLOWS

(in millions) Years ended December 31	2010	2009	2008
Operating activities			
Net income	$ 602	$ 514	$ 534
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and accretion	602	585	616
Deferred income taxes and investment tax credits, net	285	64	204
Deferred fuel cost (credit)	79	187	(71)
Allowance for equity funds used during construction	(64)	(33)	(27)
Pension, postretirement and other employee benefits	78	65	25
Other adjustments to net income	4	67	20
Cash (used) provided by changes in operating assets and liabilities			
Receivables	(76)	42	(61)
Receivables from affiliated companies	(11)	(4)	13
Inventory	85	(56)	(119)
Other assets	(24)	28	11
Income taxes, net	(54)	50	(116)
Accounts payable	51	(18)	42
Payables to affiliated companies	37	(10)	11
Accrued pension and other benefits	(95)	(181)	(31)
Other liabilities	19	(17)	10
Net cash provided by operating activities	1,518	1,283	1,061
Investing activities			
Gross property additions	(1,198)	(839)	(760)
Nuclear fuel additions	(183)	(122)	(179)
Purchases of available-for-sale securities and other investments	(489)	(696)	(682)
Proceeds from available-for-sale securities and other investments	437	642	626
Changes in advances to affiliated companies	202	(149)	(55)
Other investing activities	1	1	8
Net cash used by investing activities	(1,230)	(1,163)	(1,042)
Financing activities			
Dividends paid on preferred stock	(3)	(3)	(3)
Dividends paid to parent	(100)	(200)	-
Net (decrease) increase in short-term debt	-	(110)	110
Proceeds from issuance of long-term debt, net	-	595	322
Retirement of long-term debt	-	(400)	(300)
Changes in advances from affiliated companies	-	-	(154)
Contributions from parent	14	15	15
Other financing activities	(4)	-	(16)
Net cash used by financing activities	(93)	(103)	(26)
Net increase (decrease) in cash and cash equivalents	195	17	(7)
Cash and cash equivalents at beginning of year	35	18	25
Cash and cash equivalents at end of year	$ 230	$ 35	$ 18
Supplemental disclosures			
Cash paid for interest, net of amount capitalized	$ 166	$ 171	$ 193
Cash paid for income taxes, net	108	144	211
Significant noncash transactions			
Accrued property additions	198	91	99
Asset retirement obligation additions and estimate revisions	1	(386)	(3)

See Notes to Progress Energy Carolinas, Inc. Consolidated Financial Statements.

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED STATEMENTS of CHANGES in TOTAL EQUITY

(in millions)	Common Stock Outstanding Shares	Common Stock Outstanding Amount	Unearned ESOP Common Stock	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Noncontrolling Interests	Total Equity
Balance, December 31, 2007	**160**	**$ 2,054**	**$ (37)**	**$ (10)**	**$ 1,745**	**$ 4**	**$ 3,756**
Net income		-	-	-	534	-	534
Other comprehensive loss		-	-	(25)	-	-	(25)
Allocation of ESOP shares		16	12	-	-	-	28
Stock-based compensation expense		13	-	-	-	-	13
Preferred stock dividends at stated rates		-	-	-	(3)	-	(3)
Tax benefit dividend		-	-	-	2	-	2
Balance, December 31, 2008	**160**	**2,083**	**(25)**	**(35)**	**2,278**	**4**	**4,305**
Net income		-	-	-	516	(2)	514
Other comprehensive income		-	-	8	-	-	8
Allocation of ESOP shares		10	13	-	-	-	23
Stock-based compensation expense		15	-	-	-	-	15
Dividends paid to parent		-	-	-	(200)	-	(200)
Preferred stock dividends at stated rates		-	-	-	(3)	-	(3)
Tax dividend		-	-	-	(3)	-	(3)
Other		-	-	-	-	1	1
Balance, December 31, 2009	**160**	**2,108**	**(12)**	**(27)**	**2,588**	**3**	**4,660**
Cumulative effect of change in accounting principle (Note 2)						**(2)**	**(2)**
Net income		-	-	-	**603**	**(1)**	**602**
Other comprehensive loss		-	-	**(6)**	-	-	**(6)**
Allocation of ESOP shares		**10**	**12**	-	-	-	**22**
Stock-based compensation expense		**12**	-	-	-	-	**12**
Dividends paid to parent		-	-	-	**(100)**	-	**(100)**
Preferred stock dividends at stated rates		-	-	-	**(3)**	-	**(3)**
Tax dividend		-	-	-	**(5)**	-	**(5)**
Balance, December 31, 2010	**160**	**$ 2,130**	**$ -**	**$ (33)**	**$ 3,083**	**$ -**	**$ 5,180**

CAROLINA POWER & LIGHT COMPANY d/b/a PROGRESS ENERGY CAROLINAS, INC.

CONSOLIDATED STATEMENTS of COMPREHENSIVE INCOME

(in millions) Years ended December 31,	2010	2009	2008
Net income	**$ 602**	$ 514	$ 534
Other comprehensive income (loss)			
Reclassification adjustments included in net income			
Change in cash flow hedges (net of tax expense of $3, $2 and $1)	**4**	3	1
Net unrealized (losses) gains on cash flow hedges (net of tax benefit (expense) of $6, $(3) and $17)	**(10)**	5	(26)
Other comprehensive (loss) income	**(6)**	8	(25)
Comprehensive income	**596**	522	509
Comprehensive loss attributable to noncontrolling interests, net of tax	**1**	2	-
Comprehensive income attributable to controlling interests	**$ 597**	$ 524	$ 509

See Notes to Progress Energy Carolinas, Inc. Consolidated Financial Statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDER OF FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.:

We have audited the accompanying balance sheets of Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("PEF") as of December 31, 2010 and 2009, and the related statements of income, comprehensive income, changes in common stock equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. PEF is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PEF's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of PEF as of December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

February 28, 2011

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.

STATEMENTS of INCOME

(in millions) Years ended December 31	2010	2009	2008
Operating revenues	$ 5,254	$ 5,251	$ 4,731
Operating expenses			
Fuel used in electric generation	1,614	2,072	1,675
Purchased power	977	682	953
Operation and maintenance	912	839	813
Depreciation, amortization and accretion	426	502	306
Taxes other than on income	362	347	309
Other	4	7	(5)
Total operating expenses	4,295	4,449	4,051
Operating income	959	802	680
Other income (expense)			
Interest income	1	4	9
Allowance for equity funds used during construction	28	91	95
Other, net	(1)	5	(10)
Total other income, net	28	100	94
Interest charges			
Interest charges	271	258	236
Allowance for borrowed funds used during construction	(13)	(27)	(28)
Total interest charges, net	258	231	208
Income before income tax	729	671	566
Income tax expense	276	209	181
Net income	453	462	385
Preferred stock dividend requirement	(2)	(2)	(2)
Net income available to parent	$ 451	$ 460	$ 383

See Notes to Progress Energy Florida, Inc. Financial Statements.

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.

BALANCE SHEETS

(in millions)	December 31, 2010	December 31, 2009
ASSETS		
Utility plant		
Utility plant in service	$ 13,155	$ 12,438
Accumulated depreciation	(4,168)	(3,987)
Utility plant in service, net	8,987	8,451
Held for future use	36	36
Construction work in progress	972	1,088
Nuclear fuel, net of amortization	194	158
Total utility plant, net	10,189	9,733
Current assets		
Cash and cash equivalents	249	17
Receivables, net	496	356
Receivables from affiliated companies	11	8
Inventory	636	648
Regulatory assets	105	54
Derivative collateral posted	140	139
Deferred tax assets	77	115
Prepayments and other current assets	29	80
Total current assets	1,743	1,417
Deferred debits and other assets		
Regulatory assets	1,387	1,307
Nuclear decommissioning trust funds	554	496
Miscellaneous other property and investments	43	42
Other assets and deferred debits	140	105
Total deferred debits and other assets	2,124	1,950
Total assets	$ 14,056	$ 13,100
CAPITALIZATION AND LIABILITIES		
Common stock equity		
Common stock without par value, 60 million shares authorized, 100 shares issued and outstanding	$ 1,750	$ 1,744
Accumulated other comprehensive (loss) income	(4)	3
Retained earnings	3,144	2,743
Total common stock equity	4,890	4,490
Preferred stock	34	34
Long-term debt, net	4,182	3,883
Total capitalization	9,106	8,407
Current liabilities		
Current portion of long-term debt	300	300
Notes payable to affiliated companies	9	221
Accounts payable	439	451
Payables to affiliated companies	60	62
Interest accrued	83	72
Customer deposits	218	205
Derivative liabilities	188	161
Accrued compensation and other benefits	47	53
Other current liabilities	121	89
Total current liabilities	1,465	1,614
Deferred credits and other liabilities		
Noncurrent income tax liabilities	1,065	767
Regulatory liabilities	1,084	1,103
Asset retirement obligations	351	369
Accrued pension and other benefits	522	395
Capital lease obligations	199	208
Derivative liabilities	190	174
Other liabilities and deferred credits	74	63
Total deferred credits and other liabilities	3,485	3,079
Commitments and contingencies (Notes 21 and 22)		
Total capitalization and liabilities	$ 14,056	$ 13,100

See Notes to Progress Energy Florida, Inc. Financial Statements.

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.

STATEMENTS of CASH FLOWS

(in millions) Years ended December 31	2010	2009	2008
Operating activities			
Net income	$ 453	$ 462	$ 385
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and accretion	446	527	320
Deferred income taxes and investment tax credits, net	324	64	130
Deferred fuel (credit) cost	(81)	103	(262)
Allowance for equity funds used during construction	(28)	(91)	(95)
Pension, postretirement and other employee benefits	79	28	8
Other adjustments to net income	44	88	32
Cash (used) provided by changes in operating assets and liabilities			
Receivables	(110)	(15)	(26)
Receivables from affiliated companies	(3)	7	(7)
Inventory	13	(43)	(122)
Derivative collateral posted	(6)	190	(323)
Other assets	(17)	15	(23)
Income taxes, net	50	(75)	-
Accounts payable	79	(11)	48
Payables to affiliated companies	(2)	7	(32)
Accrued pension and other benefits	(61)	(83)	(24)
Other liabilities	24	(36)	42
Net cash provided by operating activities	1,204	1,137	51
Investing activities			
Gross property additions	(1,014)	(1,449)	(1,552)
Nuclear fuel additions	(38)	(78)	(43)
Purchases of available-for-sale securities and other investments	(6,386)	(1,540)	(782)
Proceeds from available-for-sale securities and other investments	6,390	1,545	784
Changes in advances to affiliated companies	-	-	149
Proceeds from sales of assets to affiliated companies	-	-	12
Other investing activities	61	(6)	(7)
Net cash used by investing activities	(987)	(1,528)	(1,439)
Financing activities			
Dividends paid on preferred stock	(2)	(2)	(2)
Dividends paid to parent	(50)	-	-
Net (decrease) increase in short-term debt	-	(371)	371
Proceeds from issuance of long-term debt, net	591	-	1,475
Retirement of long-term debt	(300)	-	(532)
Changes in advances from affiliated companies	(212)	149	72
Contributions from parent	-	620	-
Other financing activities	(12)	(7)	-
Net cash provided by financing activities	15	389	1,384
Net increase (decrease) in cash and cash equivalents	232	(2)	(4)
Cash and cash equivalents at beginning of year	17	19	23
Cash and cash equivalents at end of year	$ 249	$ 17	$ 19
Supplemental disclosures			
Cash paid for interest, net of amount capitalized	$ 241	$ 228	$ 205
Cash (received) paid for income taxes	(98)	184	52
Significant noncash transactions			
Accrued property additions	111	156	231

See Notes to Progress Energy Florida, Inc. Financial Statements.

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.

STATEMENTS of CHANGES in COMMON STOCK EQUITY

(in millions except per share data)	Common Stock Outstanding Shares	Common Stock Outstanding Amount	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Common Stock Equity
Balance, December 31, 2007	**100**	**$ 1,109**	**$ (8)**	**$ 1,901**	**$ 3,002**
Net income		-	-	385	385
Other comprehensive income		-	7	-	7
Stock-based compensation expense		7	-	-	7
Preferred stock dividends at stated rates		-	-	(2)	(2)
Balance, December 31, 2008	**100**	**1,116**	**(1)**	**2,284**	**3,399**
Net income		-	-	462	462
Other comprehensive income		-	4	-	4
Stock-based compensation expense		8	-	-	8
Contributions from parent		620	-	-	620
Preferred stock dividends at stated rates		-	-	(2)	(2)
Tax dividend		-	-	(1)	(1)
Balance, December 31, 2009	**100**	**1,744**	**3**	**2,743**	**4,490**
Net income		**-**	**-**	**453**	**453**
Other comprehensive loss		**-**	**(7)**	**-**	**(7)**
Stock-based compensation expense		**6**	**-**	**-**	**6**
Dividends paid to parent		**-**	**-**	**(50)**	**(50)**
Preferred stock dividends at stated rates		**-**	**-**	**(2)**	**(2)**
Balance, December 31, 2010	**100**	**$ 1,750**	**$ (4)**	**$ 3,144**	**$ 4,890**

FLORIDA POWER CORPORATION d/b/a PROGRESS ENERGY FLORIDA, INC.

STATEMENTS of COMPREHENSIVE INCOME

(in millions) Years ended December 31,	2010	2009	2008
Net income	**$ 453**	$ 462	$ 385
Other comprehensive (loss) income			
Net unrealized (losses) gains on cash flow hedges (net of tax benefit (expense) of $4, $(2) and $(5))	**(7)**	4	7
Other comprehensive (loss) income	**(7)**	4	7
Comprehensive income	**$ 446**	$ 466	$ 392

See Notes to Progress Energy Florida, Inc. Financial Statements.

COMBINED NOTES TO FINANCIAL STATEMENTS

In this report, Progress Energy, which includes Progress Energy, Inc. holding company (the Parent) and its regulated and nonregulated subsidiaries on a consolidated basis, is at times referred to as "we," "us" or "our." When discussing Progress Energy's financial information, it necessarily includes the results of PEC and PEF (collectively, the Utilities). The term "Progress Registrants" refers to each of the three separate registrants: Progress Energy, PEC and PEF. The information in these combined notes relates to each of the Progress Registrants as noted in the Index to the Combined Notes. However, neither of the Utilities makes any representation as to information related solely to Progress Energy or the subsidiaries of Progress Energy other than itself.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

PROGRESS ENERGY

The Parent is a public utility holding company headquartered in Raleigh, N.C. As such, we are subject to regulation by the Federal Energy Regulatory Commission (FERC).

Our reportable segments are PEC and PEF, both of which are primarily engaged in the generation, transmission, distribution and sale of electricity. The Corporate and Other segment primarily includes amounts applicable to the activities of the Parent and Progress Energy Service Company, LLC (PESC) and other miscellaneous nonregulated businesses (Corporate and Other) that do not separately meet the quantitative disclosure requirements as a reportable business segment. See Note 19 for further information about our segments.

PEC

PEC is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. PEC's subsidiaries are involved in insignificant nonregulated business activities. PEC is subject to the regulatory jurisdiction of the North Carolina Utilities Commission (NCUC), Public Service Commission of South Carolina (SCPSC), the United States Nuclear Regulatory Commission (NRC) and the FERC.

PEF

PEF is a regulated public utility primarily engaged in the generation, transmission, distribution and sale of electricity in west central Florida. PEF is subject to the regulatory jurisdiction of the Florida Public Service Commission (FPSC), the NRC and the FERC.

B. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), including GAAP for regulated operations. The financial statements include the activities of the Parent and our majority-owned and controlled subsidiaries. The Utilities are subsidiaries of Progress Energy, and as such their financial condition and results of operations and cash flows are also consolidated, along with our nonregulated subsidiaries, in our consolidated financial statements. Significant intercompany balances and transactions have been eliminated in consolidation.

Noncontrolling interests in subsidiaries along with the income or loss attributed to these interests are included in noncontrolling interests in both the Consolidated Balance Sheets and in the Consolidated Statements of Income. The results of operations for noncontrolling interests are reported on a net of tax basis if the underlying subsidiary is structured as a taxable entity.

Unconsolidated investments in companies over which we do not have control, but have the ability to exercise influence over operating and financial policies, are accounted for under the equity method of accounting. These investments are primarily in limited liability corporations and limited liability partnerships, and the earnings from these investments are recorded on a pre-tax basis. Other investments are stated principally at cost. These equity and cost method investments are included in miscellaneous other property and investments in the Consolidated Balance Sheets. See Note 12 for more information about our investments.

Our presentation of operating, investing and financing cash flows combines the respective cash flows from our continuing and discontinued operations as permitted under GAAP.

These combined notes accompany and form an integral part of Progress Energy's and PEC's consolidated financial statements and PEF's financial statements.

Certain amounts for 2009 and 2008 have been reclassified to conform to the 2010 presentation.

C. CONSOLIDATION OF VARIABLE INTEREST ENTITIES

We consolidate all voting interest entities in which we own a majority voting interest and all variable interest entities (VIEs) for which we are the primary beneficiary. We determine whether we are the primary beneficiary of a VIE through a qualitative analysis that identifies which variable interest holder has the controlling financial interest in the VIE. The variable interest holder who has both of the following has the controlling financial interest and is the primary beneficiary: (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. In performing our analysis, we consider all relevant facts and circumstances, including: the design and activities of the VIE, the terms of the contracts the VIE has entered into, the nature of the VIE's variable interests issued and how they were negotiated with or marketed to potential investors, and which parties participated significantly in the design or redesign of the entity.

In June 2009, the Financial Accounting Standards Board (FASB) issued new guidance that made significant changes to the model for determining who should consolidate a VIE and addressed how often this assessment should be performed. The guidance was effective for us on January 1, 2010 (See Note 2). As a result of the adoption, we and PEC deconsolidated two entities that qualify for low-income housing tax credits under Section 42 of the Internal Revenue Code (the Code) and recognized a $(2) million cumulative effect of change in accounting principle in 2010.

PROGRESS ENERGY

Progress Energy, through its subsidiary PEC, is the managing member, and primary beneficiary of, and consolidates an entity that qualifies for rehabilitation tax credits under Section 47 of the Code. Our variable interests are debt and equity investments in the VIE. There were no changes to our assessment of the primary beneficiary for this VIE during 2008 through 2010. No financial or other support has been provided to the VIE during the periods presented.

The following table sets forth the carrying amount and classification of our investment in the partnership as reflected in the Consolidated Balance Sheets at December 31:

(in millions)	2010	2009
Miscellaneous other property and investments	$ 12	$ 17
Other assets and deferred debits	1	1
Accounts payable	5	4

The assets of the VIE are collateral for, and can only be used to settle, its obligations. The creditors of the VIE do not have recourse to our general credit or the general credit of PEC and there are no other arrangements that could expose us to losses.

Progress Energy, through its subsidiary PEC, is the primary beneficiary of two VIEs that were established to lease buildings to PEC under capital lease agreements. Our maximum exposure to loss from these leases is a $7.5 million

mandatory fixed price purchase option for one of the buildings. Total lease payments to these counterparties under the lease agreements were $2 million annually in 2008, 2009 and 2010. We have requested the necessary information to consolidate these entities; both entities from which the necessary financial information was requested declined to provide the information to us, and, accordingly, we have applied the information scope exception provided by GAAP to the entities. We believe the effect of consolidating the entities would have an insignificant impact on our common stock equity, net earnings or cash flows. However, because we have not received any financial information from the counterparties, the impact cannot be determined at this time.

PEC

See discussion of PEC's variable interests in VIEs within the Progress Energy section.

PEF

PEF has no significant variable interests in VIEs.

D. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES AND ASSUMPTIONS

In preparing consolidated financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and amounts of revenues and expenses reflected during the reporting period. Actual results could differ from those estimates.

REVENUE RECOGNITION

We recognize revenue when it is realized or realizable and earned when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; our price to the buyer is fixed or determinable; and collectability is reasonably assured. We recognize electric utility revenues as service is rendered to customers. Operating revenues include unbilled electric utility base revenues earned when service has been delivered but not billed by the end of the accounting period. Customer prepayments are recorded as deferred revenue and recognized as revenues as the services are provided.

FUEL COST DEFERRALS

Fuel expense includes fuel costs and other recoveries that are deferred through fuel clauses established by the Utilities' regulators. These clauses allow the Utilities to recover fuel costs, fuel-related costs and portions of purchased power costs through surcharges on customer rates. These deferred fuel costs are recognized in revenues and fuel expenses as they are billable to customers.

EXCISE TAXES

The Utilities collect from customers certain excise taxes levied by the state or local government upon the customers. The Utilities account for sales and use tax on a net basis and gross receipts tax, franchise taxes and other excise taxes on a gross basis.

The amount of gross receipts tax, franchise taxes and other excise taxes included in operating revenues and taxes other than on income in the statements of income for the years ended December 31 were as follows:

(in millions)	**2010**	2009	2008
Progress Energy	**$ 345**	$ 333	$ 295
PEC	**119**	108	102
PEF	**226**	225	193

RELATED PARTY TRANSACTIONS

Our subsidiaries provide and receive services, at cost, to and from the Parent and its subsidiaries, in accordance with FERC regulations. The costs of the services are billed on a direct-charge basis, whenever possible, and on allocation factors for general costs that cannot be directly attributed. In the subsidiaries' financial statements, billings from affiliates are capitalized or expensed depending on the nature of the services rendered.

UTILITY PLANT

Utility plant in service is stated at historical cost less accumulated depreciation. We capitalize all construction-related direct labor and material costs of units of property as well as indirect construction costs. Certain costs are capitalized in accordance with regulatory treatment. The cost of renewals and betterments is also capitalized. Maintenance and repairs of property (including planned major maintenance activities), and replacements and renewals of items determined to be less than units of property, are charged to maintenance expense as incurred, with the exception of nuclear outages at PEF. Pursuant to a regulatory order, PEF accrues for nuclear outage costs in advance of scheduled outages, which generally occur every two years. Maintenance activities under long-term service agreements with third parties are capitalized or expensed as appropriate as if the Utilities had performed the activities. The cost of units of property replaced or retired, less salvage, is charged to accumulated depreciation. Removal or disposal costs that do not represent asset retirement obligations (AROs) are charged to a regulatory liability.

Allowance for funds used during construction (AFUDC) represents the estimated costs of capital funds necessary to finance the construction of new regulated assets. As prescribed in the regulatory uniform system of accounts, AFUDC is charged to the cost of the plant. The equity funds portion of AFUDC is credited to other income, and the borrowed funds portion is credited to interest charges.

Nuclear fuel is classified as a fixed asset and included in the utility plant section of the Consolidated Balance Sheets. Nuclear fuel in the front-end fuel processing phase is considered work in progress and not amortized until placed in service.

DEPRECIATION AND AMORTIZATION – UTILITY PLANT

Substantially all depreciation of utility plant other than nuclear fuel is computed on the straight-line method based on the estimated remaining useful life of the property, adjusted for estimated salvage (See Note 4A). Pursuant to their rate-setting authority, the NCUC, SCPSC and FPSC can also grant approval to accelerate or reduce depreciation and amortization rates of utility assets (See Note 7).

Amortization of nuclear fuel costs is computed primarily on the units-of-production method. In the Utilities' retail jurisdictions, provisions for nuclear decommissioning costs are approved by the NCUC, the SCPSC and the FPSC and are based on site-specific estimates that include the costs for removal of all radioactive and other structures at the site. In the wholesale jurisdictions, the provisions for nuclear decommissioning costs are approved by the FERC.

FEDERAL GRANT

The American Recovery and Reinvestment Act, signed into law in February 2009, contains provisions promoting energy efficiency (EE) and renewable energy. On April 28, 2010, we accepted a grant from the United States Department of Energy (DOE) for $200 million in federal matching infrastructure funds in support of our smart grid initiatives. PEC and PEF each will receive up to $100 million over a three-year period as project work progresses. The DOE will provide reimbursement for 50 percent of allowable project costs, as incurred, up to the DOE's maximum obligation of $200 million. Projects funded by the grant must be completed by April 2013.

In accounting for the federal grant, we have elected to reduce the cost basis of select smart grid projects. As the select capital projects are placed into service, this will reduce depreciation expense over the life of the assets. Reimbursements by the DOE are deferred as a short-term or long-term liability on the Consolidated Balance Sheets based on their expected date of application to the select projects.

ASSET RETIREMENT OBLIGATIONS

AROs are legal obligations associated with the retirement of certain tangible long-lived assets. The present values of retirement costs for which we have a legal obligation are recorded as liabilities with an equivalent amount added to the asset cost and depreciated over the useful life of the associated asset. The liability is then accreted over time by applying an interest method of allocation to the liability. Accretion expense is included in depreciation, amortization and accretion in the Consolidated Statements of Income. AROs have no impact on the income of the Utilities as the effects are offset by the establishment of regulatory assets and regulatory liabilities in order to reflect the ratemaking treatment of the related costs.

CASH AND CASH EQUIVALENTS

We consider cash and cash equivalents to include unrestricted cash on hand, cash in banks and temporary investments purchased with an original maturity of three months or less.

RECEIVABLES, NET

We record accounts receivable at net realizable value. This value includes an allowance for estimated uncollectible accounts to reflect any loss anticipated on the accounts receivable balances. The allowance for uncollectible accounts reflects our estimate of probable losses inherent in the accounts receivable, unbilled revenue, and other receivables balances. We calculate this allowance based on our history of write-offs, level of past due accounts, prior rate of recovery experience and relationships with and economic status of our customers.

INVENTORY

We account for inventory, including emission allowances, using the average cost method. We value inventory of the Utilities at historical cost consistent with ratemaking treatment. Materials and supplies are charged to inventory when purchased and then expensed or capitalized to plant, as appropriate, when installed. Materials reserves are established for excess and obsolete inventory.

REGULATORY ASSETS AND LIABILITIES

The Utilities' operations are subject to GAAP for regulated operations, which allows a regulated company to record costs that have been or are expected to be allowed in the ratemaking process in a period different from the period in which the costs would be charged to expense by a nonregulated enterprise. Accordingly, the Utilities record assets and liabilities that result from the regulated ratemaking process that would not be recorded under GAAP for nonregulated entities. These regulatory assets and liabilities represent expenses deferred for future recovery from customers or obligations to be refunded to customers and are primarily classified in the Consolidated Balance Sheets as regulatory assets and regulatory liabilities (See Note 7A). The regulatory assets and liabilities are amortized consistent with the treatment of the related cost in the ratemaking process.

NUCLEAR COST DEFERRALS

PEF accounts for costs incurred in connection with the proposed nuclear expansion in Florida in accordance with FPSC regulations, which establish an alternative cost-recovery mechanism. PEF is allowed to accelerate the recovery of prudently incurred siting, preconstruction costs, AFUDC and incremental operation and maintenance expenses resulting from the siting, licensing, design and construction of a nuclear plant through PEF's capacity cost-recovery clause. Nuclear costs are deemed to be recovered up to the amount of the FPSC-approved projections, and the deferral of unrecovered nuclear costs accrues a carrying charge equal to PEF's approved AFUDC rate. Unrecovered nuclear costs eligible for accelerated recovery are deferred and recorded as regulatory assets in the Consolidated Balance Sheets and are amortized in the period the costs are collected from customers.

GOODWILL AND INTANGIBLE ASSETS

Goodwill is subject to at least an annual assessment for impairment by applying a two-step, fair value-based test. This assessment could result in periodic impairment charges. Intangible assets are amortized based on the economic benefit of their respective lives.

CHANGE IN ACCOUNTING POLICY REGARDING ANNUAL GOODWILL TESTING DATE

We perform our goodwill impairment tests for the PEC and PEF reporting units at least annually, and more often if events or changes in circumstances indicate it is more likely than not that their carrying values exceed their fair values. Since the adoption of Accounting Standards Codification (ASC) 350, Intangibles – Goodwill and Other, through April 1, 2010, we performed the annual impairment testing of goodwill using April 1 as the testing date. Our annual financial and strategic planning process, including the preparation of long-term cash flow projections, concludes in the fourth quarter of each year. Effective in October 2010, we changed our annual goodwill impairment testing date from April 1 to October 31 to better align our impairment testing procedures with the completion of our financial and strategic planning process. We believe the change is preferable since these long-term cash flow projections are a key component in performing our annual impairment tests of goodwill. During 2010, we tested our goodwill for impairment as of October 31, 2010 and April 1, 2010, and concluded there was no impairment of the carrying value of the goodwill. This change did not accelerate, delay, avoid, or cause a goodwill impairment charge. As it was impracticable to objectively determine operating and valuation estimates for periods prior to October 31, 2010, we have prospectively applied the change in the annual impairment testing date from October 31, 2010.

UNAMORTIZED DEBT PREMIUMS, DISCOUNTS AND EXPENSES

Long-term debt premiums, discounts and issuance expenses are amortized over the terms of the debt issues. Any expenses or call premiums associated with the reacquisition of debt obligations by the Utilities are amortized over the applicable lives using the straight-line method consistent with ratemaking treatment (See Note 7A).

INCOME TAXES

We and our affiliates file a consolidated federal income tax return. The consolidated income tax of Progress Energy is allocated to PEC and PEF in accordance with the Intercompany Income Tax Allocation Agreement (Tax Agreement). The Tax Agreement provides an allocation that recognizes positive and negative corporate taxable income. The Tax Agreement provides for an equitable method of apportioning the carryover of uncompensated tax benefits, which primarily relate to deferred synthetic fuels tax credits. Income taxes are provided for as if PEC and PEF filed separate returns.

Deferred income taxes have been provided for temporary differences. These occur when the book and tax carrying amounts of assets and liabilities differ. Investment tax credits related to regulated operations have been deferred and are being amortized over the estimated service life of the related properties. Credits for the production and sale of synthetic fuels are deferred credits to the extent they cannot be or have not been utilized in the annual consolidated federal income tax returns, and are included in income tax expense (benefit) of discontinued operations in the Consolidated Statements of Income. We accrue for uncertain tax positions when it is determined that it is more likely than not that the benefit will not be sustained on audit by the taxing authority, including resolutions of any related appeals or litigation processes, based solely on the technical merits of the associated tax position. If the recognition threshold is met, the tax benefit recognized is measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. Interest expense on tax deficiencies and uncertain tax positions is included in net interest charges, and tax penalties are included in other, net in the Consolidated Statements of Income.

DERIVATIVES

GAAP requires that an entity recognize all derivatives as assets or liabilities on the balance sheet and measure those instruments at fair value, unless the derivatives meet the GAAP criteria for normal purchases or normal sales and are designated as such. We generally designate derivative instruments as normal purchases or normal sales whenever the criteria are met. If normal purchase or normal sale criteria are not met, we will generally designate the derivative instruments as cash flow or fair value hedges if the related hedge criteria are met. We have elected not to offset fair

value amounts recognized for derivative instruments and related collateral assets and liabilities with the same counterparty under a master netting agreement. Certain economic derivative instruments receive regulatory accounting treatment, under which unrealized gains and losses are recorded as regulatory liabilities and assets, respectively, until the contracts are settled. Cash flows from derivative instruments are generally included in cash provided by operating activities on the Statements of Cash Flows. See Note 17 for additional information regarding risk management activities and derivative transactions.

LOSS CONTINGENCIES AND ENVIRONMENTAL LIABILITIES

We accrue for loss contingencies, such as unfavorable results of litigation, when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. With the exception of legal fees that are incremental direct costs of an environmental remediation effort, we do not accrue an estimate of legal fees when a contingent loss is initially recorded, but rather when the legal services are actually provided.

As discussed in Note 21, we accrue environmental remediation liabilities when the criteria for loss contingencies have been met. We record accruals for probable and estimable costs, including legal fees, related to environmental sites on an undiscounted basis. Environmental expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as additional information develops or circumstances change. Certain environmental expenses receive regulatory accounting treatment, under which the expenses are recorded as regulatory assets. Recoveries of environmental remediation costs from other parties are recognized when their receipt is deemed probable or on actual receipt of recovery. Environmental expenditures that have future economic benefits are capitalized in accordance with our asset capitalization policy.

IMPAIRMENT OF LONG-LIVED ASSETS AND INVESTMENTS

We review the recoverability of long-lived tangible and intangible assets whenever impairment indicators exist. Examples of these indicators include current period losses, combined with a history of losses or a projection of continuing losses, or a significant decrease in the market price of a long-lived asset group. If an impairment indicator exists for assets to be held and used, then the asset group is tested for recoverability by comparing the carrying value to the sum of undiscounted expected future cash flows directly attributable to the asset group. If the asset group is not recoverable through undiscounted cash flows or the asset group is to be disposed of, then an impairment loss is recognized for the difference between the carrying value and the fair value of the asset group.

We review our equity investments to evaluate whether or not a decline in fair value below the carrying value is an other-than-temporary decline. We consider various factors, such as the investee's cash position, earnings and revenue outlook, liquidity and management's ability to raise capital in determining whether the decline is other-than-temporary. If we determine that an other-than-temporary decline in value exists, the investments are written down to fair value with a new cost basis established.

2. NEW ACCOUNTING STANDARDS

A. CONSOLIDATIONS

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R), Consolidation of Variable Interest Entities." Subsequently, the FASB issued Accounting Standards Update (ASU) 2009-17, "Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities," which codified SFAS No. 167 in the ASC. This guidance made significant changes to the model for determining who should consolidate a VIE, addressed how often this assessment should be performed, required all existing arrangements with VIEs to be evaluated, and was adopted through a cumulative effect of change in accounting principle adjustment. This guidance was effective for us on January 1, 2010. See Note 1C for information regarding our implementation of ASU 2009-17 and its impact on our and the Utilities' financial position and results of operations.

B. FAIR VALUE MEASUREMENT AND DISCLOSURES

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," which amends ASC 820 to clarify certain existing disclosure requirements and to require a number of additional disclosures, including amounts and reasons for significant transfers between the three levels of the fair value hierarchy, and presentation of certain information in the reconciliation of recurring Level 3 measurements on a gross basis. ASU 2010-06 was effective for us on January 1, 2010, with certain disclosures effective January 1, 2011. The adoption of ASU 2010-06 resulted in additional disclosure but did not have an impact on our or the Utilities' financial position or results of operations.

3. DIVESTITURES

We have completed our business strategy of divesting nonregulated businesses to reduce our business risk and focus on core operations of the Utilities. Included in discontinued operations, net of tax are amounts related to adjustments of our prior sales of diversified businesses. These adjustments are generally due to guarantees and indemnifications provided for certain legal, tax and environmental matters. See Note 22C for further discussion of our guarantees. The ultimate resolution of these matters could result in additional adjustments in future periods. The information below presents the impacts of the divestitures on net income attributable to controlling interests.

A. TERMINALS OPERATIONS AND SYNTHETIC FUELS BUSINESSES

Prior to 2008, we had substantial operations associated with the production of coal-based solid synthetic fuels as defined under Section 29 (Section 29) of the Code and as redesignated effective 2006 as Section 45K of the Code (Section 45K and, collectively, Section 29/45K). The production and sale of these products qualified for federal income tax credits so long as certain requirements were satisfied. As a result of the expiration of the tax credit program, all of our synthetic fuels businesses were abandoned and all operations ceased as of December 31, 2007. The accompanying consolidated statements of income reflect the abandoned operations of our synthetic fuels businesses as discontinued operations.

On March 7, 2008, we sold coal terminals and docks in West Virginia and Kentucky for $71 million in gross cash proceeds. Proceeds from the sale were used for general corporate purposes. During the year ended December 31, 2008, we recorded an after-tax gain of $42 million on the sale of these assets. The accompanying consolidated financial statements reflect the operations as discontinued operations.

On October 21, 2009, a jury delivered a verdict in a lawsuit against Progress Energy and a number of our subsidiaries and affiliates. As a result, during the year ended December 31, 2009, we recorded an after-tax charge of $74 million to discontinued operations.

Results of coal terminals and docks and synthetic fuels businesses discontinued operations for the years ended December 31 were as follows:

(in millions)	2010	2009	2008
Revenues	$ -	$ -	$ 17
(Loss) earnings before income taxes and noncontrolling interest	$ (11)	$ (125)	$ 8
Income tax benefit, including tax credits	5	47	12
Earnings attributable to noncontrolling interests	-	-	(1)
Net (loss) earnings from discontinued operations attributable to controlling interests	(6)	(78)	19
Gain on disposal of discontinued operations, net of income tax expense of $7	-	-	42
(Loss) earnings from discontinued operations attributable to controlling interests	$ (6)	$ (78)	$ 61

B. COAL MINING BUSINESSES

On March 7, 2008, we sold the remaining operations of subsidiaries engaged in the coal mining business for gross cash proceeds of $23 million. Proceeds from the sale were used for general corporate purposes. As a result of the sale, during the year ended December 31, 2008, we recorded an after-tax gain of $7 million on the sale of these assets. During the years ended December 31, 2010 and 2009, gains and losses related to post-closing adjustments and pre-divestiture contingencies were not material to our results of operations.

The accompanying consolidated financial statements reflect the coal mining businesses as discontinued operations. Results of discontinued operations for the coal mining businesses for the year ended December 31, 2008 were as follows:

(in millions)	2008
Revenues	$ 2
Loss before income taxes	$ (13)
Income tax benefit	4
Net loss from discontinued operations	(9)
Gain on disposal of discontinued operations, net of income tax expense of $2	7
Loss from discontinued operations attributable to controlling interests	$ (2)

C. OTHER DIVERSIFIED BUSINESSES

Also included in discontinued operations are amounts related to adjustments of our prior sales of other diversified businesses. During the years ended December 31, 2010, 2009 and 2008, gains and losses related to post-closing adjustments and pre-divestiture contingencies of other diversified businesses were not material to our results of operations.

4. PROPERTY, PLANT AND EQUIPMENT

A. UTILITY PLANT

The balances of electric utility plant in service at December 31 are listed below, with a range of depreciable lives (in years) for each:

	Depreciable	Progress Energy		PEC		PEF	
(in millions)	Lives	2010	2009	2010	2009	2010	2009
Production plant	3-41	$ 16,042	$ 15,477	$ 9,354	$ 9,014	$ 6,523	$ 6,280
Transmission plant	7-75	3,530	3,273	1,626	1,535	1,904	1,738
Distribution plant	13-67	8,715	8,376	4,687	4,499	4,028	3,877
General plant and other	5-35	1,421	1,227	721	684	700	543
Utility plant in service		$ 29,708	$ 28,353	$ 16,388	$ 15,732	$ 13,155	$ 12,438

Generally, electric utility plant at PEC and PEF, other than nuclear fuel, is pledged as collateral for the first mortgage bonds of PEC and PEF, respectively (See Note 11).

As discussed in Note 7B, PEC intends to retire no later than December 31, 2014, all of its coal-fired generating facilities in North Carolina that do not have scrubbers. These facilities total approximately 1,500 megawatts (MW) at four sites. During the fourth quarter of 2010, Progress Energy and PEC reclassified, for all periods, the net carrying value of the four facilities from utility plant in service, net, to other utility plant, net, on the consolidated balance sheets, in accordance with ASC 980-360, Regulated Operations – Property, Plant and Equipment. At December 31, 2010 and 2009, the net carrying value of the four facilities included in other utility plant, net, totaled $172 million and $165 million, respectively. Consistent with current ratemaking treatment, PEC expects to include the four facilities' remaining net carrying value in rate base after retirement.

AFUDC represents the estimated costs of capital funds necessary to finance the construction of new regulated assets. As prescribed in the regulatory uniform systems of accounts, AFUDC is charged to the cost of the plant for certain projects in accordance with the regulatory provisions for each jurisdiction. The equity funds portion of AFUDC is credited to other income, and the borrowed funds portion is credited to interest charges. Regulatory authorities consider AFUDC an appropriate charge for inclusion in the rates charged to customers by the Utilities over the service life of the property. The composite AFUDC rate for PEC's electric utility plant was 9.2% in 2010, 2009 and 2008. The composite AFUDC rate for PEF's electric utility plant was 7.4%, effective beginning April 1, 2010, based on its authorized return on equity (ROE) approved in the base rate case (See Note 7C). Prior to April 1, 2010, the composite AFUDC rate for PEF's electric utility plant was 8.8%.

Our depreciation provisions on utility plant, as a percent of average depreciable property other than nuclear fuel, were 2.0%, 2.4% and 2.3% in 2010, 2009 and 2008, respectively. The depreciation provisions related to utility plant were $635 million, $626 million and $578 million in 2010, 2009 and 2008, respectively. In addition to utility plant depreciation provisions, depreciation, amortization and accretion expense also includes decommissioning cost provisions, ARO accretion, cost of removal provisions (See Note 4C), regulatory approved expenses (See Notes 7 and 21) and Clean Smokestacks Act amortization.

PEC's depreciation provisions on utility plant, as a percent of average depreciable property other than nuclear fuel, were 2.1% for 2010, 2009 and 2008. The depreciation provisions related to utility plant were $338 million, $328 million and $310 million in 2010, 2009 and 2008, respectively. In addition to utility plant depreciation provisions, depreciation, amortization and accretion expense also includes decommissioning cost provisions, ARO accretion, cost of removal provisions (See Note 4C), regulatory approved expenses (See Note 7B) and Clean Smokestacks Act amortization.

PEF's depreciation provisions on utility plant, as a percent of average depreciable property other than nuclear fuel, were 1.9% in 2010, and 2.7% in 2009 and 2008. The depreciation provisions related to utility plant were $297 million, $299 million and $268 million in 2010, 2009 and 2008, respectively. In addition to utility plant depreciation provisions, depreciation, amortization and accretion expense also includes decommissioning cost provisions, ARO accretion, cost of removal provisions (See Note 4C) and regulatory approved expenses (See Note 7C).

During 2010, PEF updated the depreciation rates which were approved by the FPSC in the 2009 base rate case. The rate change was effective January, 1, 2010, and resulted in a decrease in depreciation expense of $43 million for 2010. Additionally, in December 2010, PEF filed the FPSC approved depreciation rates with the FERC for use in its formula transmission rate for its Open Access Transmission Tariff (OATT). The FERC filing requested depreciation rates be applied retroactively to January 1, 2010 whereby if approved, the depreciation rate changes will result in a reduction to the depreciation expense charged to PEF's OATT customers, beginning June 1, 2011.

Nuclear fuel, net of amortization at December 31, 2010 and 2009, was $674 million and $554 million, respectively, for Progress Energy, $480 million and $396 million, respectively, for PEC and $194 million and $158 million, respectively, for PEF. The amount not yet in service at December 31, 2010 and 2009, was $367 million and $308 million, respectively, for Progress Energy, $199 million and $175 million, respectively, for PEC and $168 million and $133 million, respectively, for PEF. Amortization of nuclear fuel costs, including disposal costs associated with obligations to the U.S. Department of Energy (DOE) and costs associated with obligations to the DOE for the decommissioning and decontamination of enrichment facilities, was $132 million, $159 million and $145 million for

the years ended December 31, 2010, 2009 and 2008, respectively. This amortization expense is included in fuel used in electric generation in the Consolidated Statements of Income. PEC's amortization of nuclear fuel costs for the years ended December 31, 2010, 2009 and 2008 was $132 million, $134 million and $115 million, respectively. PEF's amortization of nuclear fuel costs for the years ended December 31, 2009 and 2008 was $25 million and $30 million, respectively. PEF did not have any amortization of nuclear fuel costs for the year ended December 31, 2010, due to the Crystal River Unit No. 3 (CR3) outage (See Note 7C).

PEF's construction work in progress related to certain nuclear projects has received regulatory treatment. At December 31, 2010, PEF had $519 million of accelerated recovery of construction work in process, of which $237 million was a component of a nuclear cost-recovery clause regulatory asset. At December 31, 2009, PEF had $451 million of accelerated recovery of construction work in process, of which $274 million was a component of a nuclear cost-recovery clause regulatory asset and $22 million was a component of a deferred fuel regulatory asset. See Note 7C for further discussion of PEF's nuclear cost recovery.

B. JOINT OWNERSHIP OF GENERATING FACILITIES

PEC and PEF hold ownership interests in certain jointly owned generating facilities. Each is entitled to shares of the generating capability and output of each unit equal to their respective ownership interests. Each also pays its ownership share of additional construction costs, fuel inventory purchases and operating expenses, except in certain instances where agreements have been executed to limit certain joint owners' maximum exposure to the additional costs. Each of the Utilities' share of operating costs of the jointly owned generating facilities is included within the corresponding line in the Statements of Income. The co-owner of Intercession City Unit P11 has exclusive rights to the output of the unit during the months of June through September. PEF has that right for the remainder of the year.

PEC's and PEF's ownership interests in the jointly owned generating facilities are listed below with related information at December 31:

(in millions) Subsidiary	Facility	Company Ownership Interest	Plant Investment	Accumulated Depreciation	Construction Work in Progress
2010					
PEC	**Mayo**	**83.83 %**	**$ 798**	**$ 294**	**$ 8**
PEC	**Harris**	**83.83 %**	**3,255**	**1,604**	**16**
PEC	**Brunswick**	**81.67 %**	**1,702**	**939**	**38**
PEC	**Roxboro Unit 4**	**87.06 %**	**706**	**457**	**22**
PEF	**Crystal River Unit 3**	**91.78 %**	**901**	**497**	**648**
PEF	**Intercession City Unit P11**	**66.67 %**	**23**	**11**	**-**
2009					
PEC	Mayo	83.83 %	$ 785	$ 282	$ 8
PEC	Harris	83.83 %	3,207	1,651	28
PEC	Brunswick	81.67 %	1,681	981	74
PEC	Roxboro Unit 4	87.06 %	686	449	15
PEF	Crystal River Unit 3	91.78 %	900	472	510
PEF	Intercession City Unit P11	66.67 %	23	10	-

In the tables above, plant investment and accumulated depreciation are not reduced by the regulatory disallowances related to the Shearon Harris Nuclear Plant (Harris), which are not applicable to the joint owner's ownership interest in Harris.

In the tables above, construction work in process for Crystal River Unit 3 is not reduced by the accelerated recovery of qualifying project costs under the FPSC nuclear cost-recovery rule (see Note 7C).

C. ASSET RETIREMENT OBLIGATIONS

At December 31, 2010 and 2009, our asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant, net of accumulated depreciation totaled $90 million and $132 million, respectively. PEC had immaterial asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant at December 31, 2010. Primarily due to the impact of updated cost estimates, as discussed below, at December 31, 2009, PEC had no asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant. Primarily due to the impact of updated escalation factors, as discussed below, at December 31, 2010, PEF had no asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant. At December 31 2009, PEF's asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant, net of accumulated depreciation, totaled $18 million. At December 31, 2010 and 2009, additional PEF-related asset retirement costs, net of accumulated depreciation, of $90 million and $114 million, respectively, were recorded at Progress Energy as purchase accounting adjustments recognized when we purchased Florida Progress Corporation (Florida Progress) in 2000.

The fair value of funds set aside in the Utilities' nuclear decommissioning trust (NDT) funds for the nuclear decommissioning liability totaled $1.571 billion and $1.367 billion at December 31, 2010 and 2009, respectively (See Notes 12 and 13). The fair value of funds set aside in the NDT funds for the nuclear decommissioning liability totaled $1.017 billion and $871 million at December 31, 2010 and 2009, respectively, for PEC and $554 million and $496 million, respectively, for PEF (See Notes 12 and 13). Net NDT unrealized gains are included in regulatory liabilities (See Note 7A).

Progress Energy's and PEC's nuclear decommissioning cost provisions, which are included in depreciation and amortization expense, were $31 million each in 2010, 2009 and 2008. As discussed below, PEF has suspended its accrual for nuclear decommissioning. Management believes that nuclear decommissioning costs that have been and will be recovered through rates by PEC and PEF will be sufficient to provide for the costs of decommissioning.

Expenses recognized for the disposal or removal of utility assets that do not meet the definition of AROs, which are included in depreciation, amortization and accretion expense, were $87 million, $141 million and $133 million in 2010, 2009 and 2008, respectively. PEC's related expenses were $122 million, $106 million and $100 million in 2010, 2009 and 2008, respectively. Due to a $60 million cost of removal credit as allowed by the settlement agreement approved by the FPSC (See Note 7C), PEF had income of $35 million in 2010. PEF's related expenses were $35 million and $33 million in 2009 and 2008, respectively.

The Utilities recognize removal, nonirradiated decommissioning and dismantlement of fossil generation plant costs in regulatory liabilities on the Consolidated Balance Sheets (See Note 7A). At December 31, such costs consisted of:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Removal costs	**$ 1,503**	$ 1,536	**$ 1,000**	$ 944	**$ 503**	$ 592
Nonirradiated decommissioning costs	**233**	211	**172**	150	**61**	61
Dismantlement costs	**121**	119	**-**	-	**121**	119
Non-ARO cost of removal	**$ 1,857**	$ 1,866	**$ 1,172**	$ 1,094	**$ 685**	$ 772

The NCUC requires that PEC update its cost estimate for nuclear decommissioning every five years. PEC received a new site-specific estimate of decommissioning costs for Robinson Nuclear Plant (Robinson) Unit No. 2, Brunswick Nuclear Plant (Brunswick) Units No. 1 and No. 2, and Harris, in December 2009, which was filed with the NCUC on March 16, 2010. PEC's estimate is based on prompt dismantlement decommissioning, which reflects the cost of removal of all radioactive and other structures currently at the site, with such removal occurring after operating license expiration. These decommissioning cost estimates also include interim spent fuel storage costs associated with maintaining spent nuclear fuel on site until such time that it can be transferred to a DOE facility (See Note 22D). These estimates, in 2009 dollars, were $687 million for Unit No. 2 at Robinson, $591 million for Brunswick Unit No. 1, $585 million for Brunswick Unit No. 2 and $1.126 billion for Harris. The estimates are subject to change based on a variety of factors including, but not limited to, cost escalation, changes in technology applicable to nuclear decommissioning and changes in federal, state or local regulations. The cost estimates exclude the portion

attributable to North Carolina Eastern Municipal Power Agency (Power Agency), which holds an undivided ownership interest in Brunswick and Harris. See Note 7D for information about the NRC operating licenses held by PEC. Based on updated cost estimates, in 2009 PEC reduced its asset retirement cost net of accumulated depreciation and its ARO liability by approximately $27 million and $390 million, respectively, resulting in no asset retirement costs included in utility plant related to nuclear decommissioning of irradiated plant at December 31, 2009.

The FPSC requires that PEF update its cost estimate for nuclear decommissioning every five years. PEF received a new site-specific estimate of decommissioning costs for CR3 in October 2008, which PEF filed with the FPSC in 2009 as part of PEF's base rate filing (See Note 7C). However, the FPSC deferred review of PEF's nuclear decommissioning study from the rate case to be addressed in 2010 in order for FPSC staff to assess PEF's study in combination with other utilities anticipated to submit nuclear decommissioning studies in 2010. PEF was not required to prepare a new site-specific nuclear decommissioning study in 2010; however, PEF was required to update the 2008 study with the most currently available escalation rates in 2010, which was filed with the FPSC in December 2010. PEF's estimate is based on prompt dismantlement decommissioning and includes interim spent fuel storage costs associated with maintaining spent nuclear fuel on site until such time that it can be transferred to a DOE facility (See Note 22D). The estimate, in 2008 dollars, is $751 million and is subject to change based on a variety of factors including, but not limited to, cost escalation, changes in technology applicable to nuclear decommissioning and changes in federal, state or local regulations. The cost estimate excludes the portion attributable to other co-owners of CR3. See Note 7D for information about the NRC operating license held by PEF for CR3. Based on the 2008 estimate, assumed operating license renewal and updated escalation factors in 2010, PEF decreased its asset retirement cost to zero and its ARO liability by approximately $37 million in 2010. Retail accruals on PEF's reserves for nuclear decommissioning were previously suspended under the terms of previous base rate settlement agreements. PEF expects to continue this suspension based on its 2010 nuclear decommissioning filing. In addition, the wholesale accrual on PEF's reserves for nuclear decommissioning was suspended retroactive to January 2006, following a FERC accounting order issued in November 2006.

The FPSC requires that PEF update its cost estimate for fossil plant dismantlement every four years. PEF received an updated fossil dismantlement study estimate in 2008, which PEF filed with the FPSC in 2009 as part of PEF's base rate filing. As a result of the base rate case, the FPSC approved an annual fossil dismantlement accrual of $4 million. PEF's reserve for fossil plant dismantlement was approximately $144 million and $143 million at December 31, 2010 and 2009, including amounts in the ARO liability for asbestos abatement, discussed below.

PEC and PEF have recognized ARO liabilities related to asbestos abatement costs. The ARO liabilities related to asbestos abatement costs were $26 million and $27 million at December 31, 2010 and 2009, respectively, at PEC and $27 million at December 31, 2010 and 2009 at PEF.

Additionally, PEC and PEF have recognized ARO liabilities related to landfill capping costs. The ARO liabilities related to landfill capping costs were immaterial at December 31, 2010 and 2009, at PEC and $6 million at December 31, 2010 and 2009, at PEF.

We have identified but not recognized AROs related to electric transmission and distribution and telecommunications assets as the result of easements over property not owned by us. These easements are generally perpetual and require retirement action only upon abandonment or cessation of use of the property for the specified purpose. The ARO is not estimable for such easements, as we intend to utilize these properties indefinitely. In the event we decide to abandon or cease the use of a particular easement, an ARO would be recorded at that time.

The following table presents the changes to the AROs during the years ended December 31. Revisions to prior estimates of the PEC and PEF regulated ARO are primarily related to the updated cost estimates for nuclear decommissioning and asbestos described above.

(in millions)	Progress Energy	PEC	PEF
Asset retirement obligations at January 1, 2009	$ 1,471	$ 1,122	$ 349
Accretion expense	83	65	18
Revisions to prior estimates	(384)	(386)	2
Asset retirement obligations at December 31, 2009	1,170	801	369
Additions	4	4	-
Accretion expense	65	46	19
Revisions to prior estimates	(39)	(2)	(37)
Asset retirement obligations at December 31, 2010	**$ 1,200**	**$ 849**	**$ 351**

D. INSURANCE

The Utilities are members of Nuclear Electric Insurance Limited (NEIL), which provides primary and excess insurance coverage against property damage to members' nuclear generating facilities. Under the primary program, each company is insured for $500 million at each of its respective nuclear plants. In addition to primary coverage, NEIL also provides decontamination, premature decommissioning and excess property insurance with limits of $1.750 billion on each nuclear plant.

Insurance coverage against incremental costs of replacement power resulting from prolonged accidental outages at nuclear generating units is also provided through membership in NEIL. Both PEC and PEF are insured under this program, following a 12-week deductible period, for 52 weeks in the amounts ranging from $3.5 million to $4.5 million per week. Additional weeks of coverage ranging from 71 weeks to 110 weeks are provided at 80 percent of the above weekly amounts. For the current policy period, the companies are subject to retrospective premium assessments of up to approximately $28 million with respect to the primary coverage, $41 million with respect to the decontamination, decommissioning and excess property coverage, and $25 million for the incremental replacement power costs coverage, in the event covered losses at insured facilities exceed premiums, reserves, reinsurance and other NEIL resources. Pursuant to regulations of the NRC, each company's property damage insurance policies provide that all proceeds from such insurance be applied, first, to place the plant in a safe and stable condition after an accident and, second, to decontaminate the plant, before any proceeds can be used for decommissioning, plant repair or restoration. Each company is responsible to the extent losses may exceed limits of the coverage described above. At December 31, 2010, PEF has an outstanding claim with NEIL (See Notes 5 and 7C).

Both of the Utilities are insured against public liability for a nuclear incident up to $12.595 billion per occurrence. Under the current provisions of the Price Anderson Act, which limits liability for accidents at nuclear power plants, each company, as an owner of nuclear units, can be assessed for a portion of any third-party liability claims arising from an accident at any commercial nuclear power plant in the United States. In the event that public liability claims from each insured nuclear incident exceed the primary level of coverage provided by American Nuclear Insurers, each company would be subject to pro rata assessments of up to $117.5 million for each reactor owned for each incident. Payment of such assessments would be made over time as necessary to limit the payment in any one year to no more than $17.5 million per reactor owned per incident. Both the maximum assessment per reactor and the maximum yearly assessment are adjusted for inflation at least every five years. The next scheduled adjustment is due on or before August 29, 2013.

Under the NEIL policies, if there were multiple terrorism losses within one year, NEIL would make available one industry aggregate limit of $3.240 billion for noncertified acts, along with any amounts it recovers from reinsurance, government indemnity or other sources up to the limits for each claimant. If terrorism losses occurred beyond the one-year period, a new set of limits and resources would apply.

The Utilities self-insure their transmission and distribution lines against loss due to storm damage and other natural disasters. PEF maintains a storm damage reserve and has a regulatory mechanism to recover the costs of named storms on an expedited basis (See Note 7C).

For loss or damage to non-nuclear properties, excluding self-insured transmission and distribution lines, the Utilities are insured under an all-risk property insurance program with a total limit of $600 million per loss. The basic deductible is $2.5 million per loss, and there is no outage or replacement power coverage under this program.

5. RECEIVABLES

Income taxes receivable and interest income receivables are not included in receivables. These amounts are included in prepayments and other current assets or shown separately on the Consolidated Balance Sheets. At December 31 receivables were comprised of:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Trade accounts receivable	**$ 651**	$ 581	**$ 346**	$ 291	**$ 303**	$ 288
Unbilled accounts receivable	**223**	193	**136**	125	**87**	68
Other receivables	**75**	44	**47**	34	**12**	10
NEIL receivable (See Notes 4 and 7)	**119**	-	**-**	-	**119**	-
Allowance for doubtful receivables	**(35)**	(18)	**(10)**	(8)	**(25)**	(10)
Total receivables, net	**$ 1,033**	$ 800	**$ 519**	$ 442	**$ 496**	$ 356

6. INVENTORY

At December 31 inventory was comprised of:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Fuel for production	**$ 542**	$ 667	**$ 192**	$ 304	**$ 350**	$ 363
Materials and supplies	**676**	639	**395**	366	**281**	273
Emission allowances	**8**	18	**3**	6	**5**	12
Other	**-**	1	**-**	1	**-**	-
Total inventory	**$ 1,226**	$ 1,325	**$ 590**	$ 677	**$ 636**	$ 648

Materials and supplies amounts above exclude long-term combustion turbine inventory amounts included in other assets and deferred debits on the Consolidated Balance Sheets for Progress Energy of $24 million at December 31, 2009, which was transferred to PEC in 2010 and is included in construction work in progress on the Consolidated Balance Sheets for Progress Energy and PEC at December 31, 2010.

Emission allowances above exclude long-term emission allowances included in other assets and deferred debits on the Consolidated Balance Sheets for Progress Energy, PEC and PEF of $33 million, $5 million and $28 million, respectively, at December 31, 2010. Long-term emission allowances for Progress Energy, PEC and PEF were $39 million, $8 million and $31 million, respectively, at December 31, 2009.

7. REGULATORY MATTERS

A. REGULATORY ASSETS AND LIABILITIES

As regulated entities, the Utilities are subject to the provisions of GAAP for regulated operations. Accordingly, the Utilities record certain assets and liabilities resulting from the effects of the ratemaking process that would not be recorded under GAAP for nonregulated entities. The Utilities' ability to continue to meet the criteria for application of GAAP for regulated operations could be affected in the future by competitive forces and restructuring in the electric utility industry. In the event that GAAP for regulated operations no longer applies to a separable portion of our operations, related regulatory assets and liabilities would be eliminated unless an appropriate regulatory recovery mechanism was provided. Additionally, such an event would require the Utilities to determine if any impairment to other assets, including utility plant, exists and write down impaired assets to their fair values.

Except for portions of deferred fuel costs and loss on reacquired debt, all regulatory assets earn a return or the cash has not yet been expended, in which case the assets are offset by liabilities that do not incur a carrying cost. We expect to fully recover our regulatory assets and refund our regulatory liabilities through customer rates under current regulatory practice.

At December 31 the balances of regulatory assets (liabilities) were as follows:

PROGRESS ENERGY

(in millions)	2010	2009
Deferred fuel costs – current (Notes 7B and 7C)	$ 169	$ 105
Nuclear deferral (Notes 7C)	7	37
Total current regulatory assets	176	142
Deferred fuel cost – long-term	-	62
Nuclear deferral (Note 7C)[a]	178	239
Deferred impact of ARO (Note 4C)[b]	122	99
Income taxes recoverable through future rates[c]	302	264
Loss on reacquired debt[d]	31	35
Postretirement benefits (Note 16)[e]	1,105	945
Derivative mark-to-market adjustment (Note 17A)[f]	505	436
DSM / Energy-efficiency deferral (Note 7B)[g]	57	19
Other	74	80
Total long-term regulatory assets	2,374	2,179
Environmental (Note 7C)	(45)	(24)
Deferred energy conservation cost and other current regulatory liabilities	(14)	(3)
Total current regulatory liabilities	(59)	(27)
Non-ARO cost of removal (Note 4C)[b]	(1,857)	(1,866)
Deferred impact of ARO (Note 4C)[b]	(143)	(150)
Net nuclear decommissioning trust unrealized gains (Note 4C)[h]	(421)	(295)
Storm reserve (Note 7C)[i]	(136)	(136)
Other	(78)	(63)
Total long-term regulatory liabilities	(2,635)	(2,510)
Net regulatory liabilities	$ (144)	$ (216)

PEC

(in millions)	2010	2009
Deferred fuel costs – current (Notes 7B)	$ 71	$ 88
Deferred fuel cost – long-term	-	62
Deferred impact of ARO (Note 4C)[b]	112	92
Income taxes recoverable through future rates[c]	103	76
Loss on reacquired debt[d]	13	15
Postretirement benefits (Note 16)[e]	545	483
Derivative mark-to-market adjustment (Note 17A)[f]	121	88
DSM / Energy-efficiency deferral (Note 7B)[g]	57	19
Other	36	38
Total long-term regulatory assets	987	873
Non-ARO cost of removal (Note 4C)[b]	(1,172)	(1,094)
Net nuclear decommissioning trust unrealized gains (Note 4C)[h]	(267)	(181)
Other	(22)	(18)
Total long-term regulatory liabilities	(1,461)	(1,293)
Net regulatory liabilities	$ (403)	$ (332)

PEF

(in millions)	2010	2009
Deferred fuel costs – current (Note 7C)	$ 98	$ 17
Nuclear deferral (Notes 7C)	7	37
Total current regulatory assets	105	54
Nuclear deferral (Note 7C)[a]	178	239
Income taxes recoverable through future rates[c]	199	188
Loss on reacquired debt[d]	18	20
Postretirement benefits (Note 16)[e]	560	462
Derivative mark-to-market adjustment (Note 17A)[f]	384	348
Other	48	50
Total long-term regulatory assets	1,387	1,307
Environmental (Note 7C)	(45)	(24)
Deferred energy conservation cost and other current regulatory liabilities	(14)	(3)
Total current regulatory liabilities	(59)	(27)
Non-ARO cost of removal (Note 4C)[b]	(685)	(772)
Deferred impact of ARO (Note 4C)[b]	(47)	(30)
Net nuclear decommissioning trust unrealized gains (Note 4C)[h]	(154)	(114)
Derivative mark-to-market adjustment (Note 17A)[f]	(13)	(20)
Storm reserve (Note 7C)[i]	(136)	(136)
Other	(49)	(31)
Total long-term regulatory liabilities	(1,084)	(1,103)
Net regulatory assets	$ 349	$ 231

The recovery and amortization periods for these regulatory assets and (liabilities) at December 31, 2010, are as follows:

[a] Recorded and recovered or amortized as approved by the appropriate state utility commission over a period not exceeding five years.

[b] Asset retirement and removal liabilities are recorded over the related property lives, which may range up to 65 years, and will be settled and adjusted following completion of the related activities.

[c] Income taxes recoverable through future rates are recovered over the related property lives, which may range up to 65 years.

[d] Recovered over either the remaining life of the original issue or, if refinanced, over the life of the new issue, which may range up to 30 years.

[e] Recovered and amortized over the remaining service period of employees. In accordance with a 2009 FPSC order, PEF's 2009 deferred pension expense of $34 million will be amortized to the extent that annual pension expense is less than the $27 million allowance provided for in base rates (See Note 16).

[f] Related to derivative unrealized gains and losses that are recorded as a regulatory liability or asset, respectively, until the contracts are settled. After contract settlement and consumption of the related fuel, the realized gains or losses are passed through the fuel cost-recovery clause.

[g] Recorded and recovered or amortized as approved by the appropriate state utility commission over a period not exceeding 10 years.

[h] Related to unrealized gains and losses on NDT funds that are recorded as a regulatory asset or liability, respectively, until the funds are used to decommission a nuclear plant.

[i] Utilized as storm restoration expenses are incurred.

B. PEC RETAIL RATE MATTERS

BASE RATES

PEC's base rates are subject to the regulatory jurisdiction of the NCUC and SCPSC. In PEC's most recent rate cases in 1988, the NCUC and the SCPSC each authorized a ROE of 12.75 percent.

COST RECOVERY FILINGS

On November 17, 2010, the NCUC approved three separate PEC cost-recovery filings, all of which were effective December 1, 2010. The NCUC approved PEC's request for a $170 million decrease in the fuel rate charged to its North Carolina ratepayers, driven by declining fuel prices, which reduced residential electric bills by $5.60 per 1,000 kilowatt-hours (kWh) for fuel cost recovery. The NCUC approved PEC's request for a $31 million increase in the demand-side management (DSM) and EE rate charged to its North Carolina ratepayers, which increased the residential electric bills by $1.56 per 1,000 kWh for DSM and EE cost recovery. The NCUC approved PEC's request for a $2 million decrease for North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (NC REPS), which decreased the residential electric bills by $0.07 per 1,000 kWh. The net impact of the three filings results in an average reduction in residential electric bills of 3.9 percent. At December 31, 2010, PEC's North Carolina deferred fuel and DSM / EE balances were $56 million and $49 million, respectively.

On June 23, 2010, the SCPSC approved PEC's request for a $17 million decrease in the fuel rate charged to its South Carolina ratepayers, driven by declining fuel prices. The decrease was effective July 1, 2010, and decreased residential electric bills by $2.73 per 1,000 kWh for fuel cost recovery. PEC also filed with the SCPSC for an increase in the DSM and EE rate effective July 1, 2010, which was approved on a provisional basis on June 30, 2010, pending review by the South Carolina Office of Regulatory Staff. The net impact of the two filings resulted in an average reduction in residential electric bills of 1.7 percent. We cannot predict the outcome of this matter. At December 31, 2010, PEC's South Carolina deferred fuel and DSM / EE balances were $15 million and $8 million, respectively.

OTHER MATTERS

On October 13, 2008, the NCUC issued a Certificate of Public Convenience and Necessity allowing PEC to proceed with plans to construct an approximately 600-MW combined cycle dual fuel-capable generating facility at its Richmond County generation site to provide additional generating and transmission capacity to meet the growing energy demands of southern and eastern North Carolina. PEC projects that the generating facility and related transmission will be in service by June 2011.

On October 22, 2009, the NCUC issued its order granting PEC a Certificate of Public Convenience and Necessity to construct an approximately 950-MW combined cycle natural gas-fueled electric generating facility at a site in Wayne County, N.C. PEC projects that the generating facility will be in service by January 2013.

On December 1, 2009, PEC filed with the NCUC a plan to retire no later than December 31, 2017, all of its coal-fired generating facilities in North Carolina that do not have scrubbers. These facilities total approximately 1,500 MW at four sites. On September 13, 2010, PEC filed its 15-year Integrated Resource Plan with the NCUC and SCPSC, which further accelerated the expected retirement schedule of the four coal-fired generating facilities to no later than December 31, 2014. The net carrying value of the four facilities at December 31, 2010, of $172 million is included in other utility plant, net on the Consolidated Balance Sheets. Consistent with ratemaking treatment, PEC will continue to depreciate these plants using the current depreciation lives and rates on file with the NCUC and the SCPSC until PEC completes and files a new depreciation study. The final recovery periods may change in connection with the regulators' determination of the rate recovery of the remaining net carrying value.

On June 9, 2010, the NCUC issued its order granting PEC a Certificate of Public Convenience and Necessity to construct an approximately 620-MW combined cycle natural gas-fueled electric generating facility at a site in New Hanover County, N.C., to replace the existing coal-fired generation at this site. PEC projects that the generating facility will be in service in December 2013.

The NCUC and the SCPSC approved proposals to accelerate cost recovery of PEC's nuclear generating assets beginning January 1, 2000, through 2009. The North Carolina aggregate minimum and maximum amounts of cost recovery were $415 million and $585 million, respectively, with flexibility in the amount of annual depreciation recorded, from none to $150 million per year. Accelerated cost recovery of these assets resulted in additional depreciation expense of $52 million for the year ended December 31, 2008. PEC reached the minimum amount of $415 million of cost recovery by December 31, 2008, and no additional depreciation expense from accelerated cost recovery was subsequently recorded. As a result of the SCPSC's approval of a 2008 PEC petition, PEC will not be required to recognize the remaining $38 million of accelerated depreciation required to reach the minimum $115 million of cost recovery for the South Carolina jurisdiction, but will record depreciation over the useful lives of the assets. No additional depreciation expense from accelerated cost recovery for the South Carolina jurisdiction was recorded in 2008 or subsequent to the approval.

C. PEF RETAIL RATE MATTERS

BASE RATES

On June 1, 2010, the FPSC approved a settlement agreement between PEF and the interveners, with the exception of the Florida Association for Fairness in Ratemaking, to the 2009 rate case. As part of the settlement, PEF withdrew its motion for reconsideration of the rate case order. Among other provisions, under the terms of the settlement agreement, PEF will maintain base rates at current levels through the last billing cycle of 2012. The settlement agreement also provides that PEF will have the discretion to reduce amortization expense (cost of removal component) by up to $150 million in 2010, up to $250 million in 2011, and up to any remaining balance in the cost of removal reserve in 2012 until the earlier of (a) PEF's applicable cost of removal reserve reaches zero, or (b) the expiration of the settlement agreement at the end of 2012. In the event PEF reduces amortization expense by less than the annual amounts for 2010 or 2011, PEF may carry forward (i.e., increase the annual cap by) any unused cost of removal reserve amounts in subsequent years during the term of the agreement. The balance of the cost of removal reserve is impacted by accruals in accordance with PEF's latest depreciation study, removal costs expended and reductions in amortization expense as permitted by the settlement agreement. For the year ended December 31, 2010, PEF recognized a $60 million reduction in amortization expense pursuant to the settlement agreement. PEF's applicable cost of removal reserve of $461 million is recorded as a regulatory liability on its December 31, 2010 Balance Sheet. The settlement agreement also provides PEF with the opportunity to earn a ROE of up to 11.5 percent and provides that if PEF's actual retail base rate earnings fall below a 9.5 percent ROE on an adjusted or pro forma basis, as reported on a historical 12-month basis during the term of the agreement, PEF may seek general, limited or interim base rate relief, or any combination thereof. Prior to requesting any such relief, PEF must have reflected on its referenced surveillance report associated amortization expense reductions of at least $150 million. The settlement agreement does not preclude PEF from requesting the FPSC to approve the recovery of costs (a) that are of a type which traditionally and historically would be, have been or are presently recovered through cost-recovery clauses or surcharges; or (b) that are incremental costs not currently recovered in base rates, which the legislature or FPSC determines are clause recoverable; or (c) which are recoverable through base rates under the nuclear cost-recovery legislation or the FPSC's nuclear cost-recovery rule. PEF also may, at its discretion, accelerate in whole or in part the amortization of certain regulatory assets over the term of the settlement agreement. Finally, PEF will be allowed to recover the costs of named storms on an expedited basis after depletion of the storm damage reserve. Specifically, 60 days following the filing of a cost-recovery petition with the FPSC and based on a 12-month recovery period, PEF can begin recovery, subject to refund, through a surcharge of up to $4.00 per 1,000 kWh on monthly residential customer bills for storm costs. In the event the storm costs exceed that level, any excess additional costs will be deferred and recovered in a subsequent year or years as determined by the FPSC. Additionally, the order approving the settlement agreement allows PEF to use the surcharge to replenish the storm damage reserve to $136 million, the level as of June 1, 2010, after storm costs are fully recovered. At December 31, 2010, PEF's storm damage reserve was $136 million, the amount permitted by the settlement agreement.

On September 14, 2010, the FPSC approved a reduction to PEF's AFUDC rate, from 8.848 percent to 7.44 percent. This new rate is based on PEF's updated authorized ROE and all adjustments approved on January 11, 2010, in PEF's base rate case and will be used for all purposes except for nuclear recoveries with original need petitions submitted on or before December 31, 2010, as permitted by FPSC regulations.

FUEL COST RECOVERY

On November 1, 2010, PEF filed a request with the FPSC to seek approval to decrease the total fuel-cost recovery by $205 million, reducing the residential rate by $6.64 per 1,000 kWh, or 5.2 percent effective January 1, 2011. This decrease is due to decreases of $5.14 per 1,000 kWh for the projected recovery through the Capacity Cost-Recovery Clause (CCRC) and of $1.50 per 1,000 kWh for the projected recovery of fuel costs. The decrease in the CCRC is primarily due to the refund of a prior period over-recovery as a result of higher than expected sales in 2010 and lower anticipated costs associated with PEF's proposed Levy Units No. 1 and No. 2 Nuclear Power Plants (Levy) in 2011 (See "Levy Nuclear"). The decrease in the projected recovery of fuel costs is due to an expectation of lower 2011 fuel costs and the continued recovery of incremental CR3 replacement power costs through insurance, partially offset by an under-recovery of 2010 fuel costs. On November 2, 2010 and November 30, 2010, the FPSC approved PEF's CCRC residential rate and fuel rate, respectively. Within the fuel clause, PEF received approval to collect, subject to refund, replacement power costs related to the CR3 nuclear plant outage (See "CR3 Outage"). At December 31, 2010, PEF's under-recovered deferred fuel balance was $98 million.

On October 25, 2010, the FPSC approved PEF's motion to establish a separate spin-off docket related to the outage and replacement fuel and power costs associated with the CR3 extended outage (See "CR3 Outage"). This docket will allow the FPSC to evaluate PEF's actions concerning the concrete delamination and review PEF's resulting costs associated with the CR3 extended outage. PEF intends to file a petition within 60 days following CR3's return to service; however, the FPSC has not yet established a case schedule. A hearing is expected later in 2011. We cannot predict the outcome of this matter.

NUCLEAR COST RECOVERY

Levy Nuclear

In 2008, the FPSC granted PEF's petition for an affirmative Determination of Need and related orders requesting cost recovery under Florida's nuclear cost-recovery rule for Levy, together with the associated facilities, including transmission lines and substation facilities. Levy is needed to maintain electric system reliability and integrity, provide fuel and generating diversity, and allow PEF to continue to provide adequate electricity to its customers at a reasonable cost. The proposed Levy units will be advanced passive light water nuclear reactors, each with a generating capacity of approximately 1,100 MW. The petition included projections that Levy Unit No. 1 would be placed in service by June 2016 and Levy Unit No. 2 by June 2017. The filed, nonbinding project cost estimate for Levy Units No. 1 and No. 2 was approximately $14 billion for generating facilities and approximately $3 billion for associated transmission facilities.

In PEF's 2010 nuclear cost-recovery filing (See "Cost Recovery"), PEF identified a schedule shift in the Levy project that resulted from the NRC's 2009 determination that certain schedule-critical work that PEF had proposed to perform within the scope of its Limited Work Authorization request submitted with the combined license (COL) application will not be authorized until the NRC issues the COL. Consequently, excavation and foundation preparation work anticipated in the initial schedule cannot begin until the COL is issued, resulting in a project shift of at least 20 months. Since then, regulatory and economic conditions identified in the 2010 nuclear cost-recovery filing have changed such that major construction activities on the Levy project are being postponed until after the NRC issues the COL, expected in 2013 if the current licensing schedule remains on track. Taking into account cost, potential carbon regulation, fossil fuel price volatility and the benefits of fuel diversification, we consider Levy to be PEF's preferred baseload generation option. Along with the FPSC's annual prudence reviews, we will continue to evaluate the project on an ongoing basis based on certain criteria, including, but not limited to, public, regulatory and political support; adequate financial cost-recovery mechanisms; appropriate levels of joint owner participation; customer rate impacts; project feasibility, including comparison to other generation options; DSM and EE programs; and availability and terms of capital financing.

Crystal River Unit No. 3 Nuclear Plant Uprate

In 2007, the FPSC issued an order approving PEF's Determination of Need petition related to a multi-stage uprate of CR3 that will increase CR3's gross output by approximately 180 MW during its next refueling outage. PEF implemented the first-stage design modifications in 2008. PEF will apply for the required license amendment for the third-stage design modification.

Cost Recovery

In 2009, pursuant to the FPSC nuclear cost-recovery rule, PEF filed a petition to recover $446 million through the CCRC, which primarily consisted of preconstruction and carrying costs incurred or anticipated to be incurred during 2009 and the projected 2010 costs associated with the Levy and CR3 uprate projects. In an effort to help mitigate the initial price impact on its customers, as part of its filing, PEF proposed collecting certain costs over a five-year period, with associated carrying costs on the unrecovered balance. The FPSC approved the alternate proposal allowing PEF to recover revenue requirements associated with the nuclear cost-recovery clause through the CCRC beginning with the first billing cycle of January 2010. The remainder, with minor adjustments, will also be recovered through the CCRC. In adopting PEF's proposed rate management plan for 2010, the FPSC permitted PEF to annually reconsider changes to the recovery of deferred amounts to afford greater flexibility to manage future rate impacts. The rate management plan included the 2009 reclassification to the nuclear cost-recovery clause regulatory asset of $198 million of capacity revenues and the accelerated amortization of $76 million of preconstruction costs. The cumulative amount of $274 million was recorded as a nuclear cost-recovery regulatory asset at December 31, 2009, and is projected to be recovered by 2014. At December 31, 2010, PEF's nuclear cost-recovery regulatory asset was $7 million and $178 million, classified as current and noncurrent, respectively.

On October 26, 2010, the FPSC approved PEF's annual nuclear cost-recovery filing to recover $164 million, which includes recovery of preconstruction, carrying and CCRC-recoverable operations and maintenance (O&M) costs incurred or anticipated to be incurred during 2011, recovery of $60 million of the 2009 deferral in 2011, as well as the estimated true-up of 2010 costs associated with the Levy and CR3 uprate projects. This resulted in a decrease in the nuclear cost-recovery charge of $1.46 per 1,000 kWh for residential customers, beginning with the first January 2011 billing cycle. The FPSC determined the costs associated with Levy were prudent and deferred a determination concerning the prudence of the 2009 CR3 uprate costs until the 2011 nuclear cost-recovery proceeding. The final order was issued on February 2, 2011.

CR3 OUTAGE

In September 2009, CR3 began an outage for normal refueling and maintenance as well as its uprate project to increase its generating capability and to replace two steam generators. During preparations to replace the steam generators, workers discovered a delamination within the concrete of the outer wall of the containment structure, which has resulted in an extension of the outage. After a comprehensive analysis, we have determined that the concrete delamination at CR3 was caused by redistribution of stresses on the containment wall that occurred when we created an opening to accommodate the replacement of the unit's steam generators. We expect to complete repairs in March, and return the unit to service following successful completion of post-repair testing and start-up activities in April 2011. A number of factors affect the return to service date, including regulatory reviews by the NRC and other agencies, emergent work, final engineering designs, testing, weather and other developments.

PEF maintains insurance coverage against incremental costs of replacement power resulting from prolonged accidental outages at CR3 through NEIL as discussed in Note 4D. PEF also maintains insurance coverage through an accidental property damage program, which provides insurance coverage with a $10 million deductible per claim. PEF notified NEIL of the claim related to the CR3 delamination event on October 15, 2009. NEIL has confirmed that the CR3 delamination event is a covered accident. PEF is continuing to work with NEIL for recovery of applicable repair costs and associated replacement power costs.

The following table summarizes the CR3 replacement power and repair costs and recovery through December 31, 2010:

(in millions)	Replacement power costs	Repair costs
Spent to date	$ 288	$ 150
NEIL proceeds received	(117)	(64)
Insurance receivable at December 31, 2010	(54)	(47)
Balance for recovery	$ 117	$ 39

PEF considers replacement power and capital costs not recoverable through insurance to be recoverable through its fuel cost-recovery clause or base rates. PEF accrued $171 million of replacement power cost reimbursements after the deductible period, which reduced the portion of the deferred fuel regulatory asset related to the extended CR3 outage to $117 million at December 31, 2010. Additional replacement power costs and repair and maintenance costs incurred until CR3 is returned to service could be material. PEF requested, and the FPSC approved, the creation of a separate spin-off docket to review the prudence and costs related to the CR3 outage (See "Fuel Cost Recovery").

We cannot predict the outcome of this matter.

DEMAND-SIDE MANAGEMENT COST RECOVERY

On December 30, 2009, the FPSC ordered PEF and other Florida utilities to adopt DSM goals based on enhanced measures, which will result in significantly higher conservation goals. As subsequently revised by the FPSC, PEF's aggregate conservation goals over the next 10 years were: 1,134 Summer MW, 1,058 Winter MW, and 3,205 gigawatt-hours (GWh). On March 30, 2010, PEF filed a petition for approval of its proposed DSM plan and to authorize cost recovery through the Energy Conservation Cost Recovery Clause (ECCR). On September 14, 2010, the FPSC held an agenda conference to approve PEF's petition for the DSM plan. The FPSC ruled that while PEF's proposed DSM plan met the cumulative, 10-year DSM goals set by the FPSC, the plan did not meet the annual DSM goals. On October 4, 2010, the FPSC denied PEF's petition for the DSM plan, approved PEF's solar pilot programs, and required PEF to file a revised proposed DSM plan that meets the annual goals set by the FPSC. PEF filed a revised proposed DSM plan on November 29, 2010. An agenda conference has been scheduled by the FPSC for April 5, 2011. We cannot predict the outcome of this matter.

On November 1, 2010, the FPSC approved PEF's request to increase the ECCR residential rate by $0.29 per 1,000 kWh, or 0.2 percent of the total residential rate, effective January 1, 2011. The increase in the ECCR is primarily due to an increase in conservation program costs, including the costs associated with PEF's solar pilot, partially offset by a refund of a prior period over-recovery as a result of higher than expected sales in 2010.

OTHER MATTERS

On November 1, 2010, the FPSC approved PEF's request to decrease the Environmental Cost Recovery Clause (ECRC) by $37 million, reducing the residential rate by $1.02 per 1,000 kWh, or 0.8 percent, effective January 1, 2011. The decrease in the ECRC is primarily due to the 2010 base rate decision, which reduced the clean air project depreciation and return rates, and the refund of a prior period over-recovery as a result of higher than expected sales in 2010. At December 31, 2010, PEF's over-recovered deferred ECRC was $45 million.

On March 20, 2009, PEF filed a petition with the FPSC for expedited approval of the deferral of $53 million in 2009 pension expense. PEF requested that the deferral of pension expense continue until the recovery of these costs is provided for in FPSC-approved base rates. On June 16, 2009, the FPSC approved the deferral of the retail portion of actual 2009 pension expense. As a result of the order, PEF deferred pension expense of $34 million for the year ended December 31, 2009. PEF will not earn a carrying charge on the deferred pension regulatory asset. The deferral of pension expense did not result in a change in PEF's 2009 retail rates or prices. In accordance with the order, subsequent to 2009 PEF will amortize the deferred pension regulatory asset to the extent that annual pension expense is less than the $27 million allowance provided for in the base rates established in the 2010 base rate proceeding. In the event such amortization is insufficient to fully amortize the regulatory asset, PEF can seek

recovery of the remaining unamortized amount in a base rate proceeding no earlier than 2015. As of December 31, 2010, PEF has not recorded any amortization related to the deferred pension regulatory asset.

D. NUCLEAR LICENSE RENEWALS

PEC's nuclear units are currently operating under licenses that expire between 2030 and 2046. The NRC operating license held by PEF for CR3 currently expires in December 2016. On December 18, 2008, PEF filed an application for a 20-year renewal from the NRC on the operating license for CR3, which would extend the operating license through 2036, if approved. PEF anticipates a decision from the NRC in 2011.

8. GOODWILL

Goodwill is required to be tested for impairment at least annually and more frequently when indicators of impairment exist. All of our goodwill is allocated to our utility reporting units and our goodwill impairment tests are performed at the utility reporting unit level. At December 31, 2010 and 2009, our carrying amount of goodwill was $3.655 billion, with $1.922 billion assigned to PEC and $1.733 billion assigned to PEF. The amounts assigned to PEC and PEF are recorded in our Corporate and Other business segment. As discussed in Note 1D, during 2010 we changed the annual testing date for our annual goodwill impairment tests from April 1 to October 31 of each year. As a result, we performed goodwill impairment tests as of April 1, 2010 and October 31, 2010, and concluded there was no impairment of the carrying value of the goodwill.

9. EQUITY

A. COMMON STOCK

PROGRESS ENERGY

At December 31, 2010 and December 31, 2009, we had 500 million shares of common stock authorized under our charter, of which 293 million and 281 million shares were outstanding, respectively. We periodically issue shares of common stock through the Progress Energy 401(k) Savings & Stock Ownership Plan (401(k)), the Progress Energy Investor Plus Plan (IPP) and other benefit plans.

There are various provisions limiting the use of retained earnings for the payment of dividends under certain circumstances. At December 31, 2010, there were no significant restrictions on the use of retained earnings (See Note 11B and Note 25).

The following table presents information for our common stock issuances for the years ended December 31:

	2010		2009		2008	
(in millions)	**Shares**	**Net Proceeds**	Shares	Net Proceeds	Shares	Net Proceeds
Total issuances	**12.2**	**$ 434**	17.5	$ 623	3.7	$ 132
Issuances under an underwritten public offering[(a)]	-	-	14.4	523	-	-
Issuances through 401(k) and/or IPP	**11.2**	**431**	2.5	100	3.1	131

[(a)] The shares issued under an underwritten public offering were issued on January 12, 2009, at a public offering price of $37.50.

PEC

At December 31, 2010 and December 31, 2009, PEC was authorized to issue up to 200 million shares of common stock. All shares issued and outstanding are held by Progress Energy. There are various provisions limiting the use of retained earnings for the payment of dividends under certain circumstances. At December 31, 2010, there were

no significant restrictions on the use of retained earnings. See Note 11B for additional dividend restrictions related to PEC.

PEF

At December 31, 2010 and December 31, 2009, PEF was authorized to issue up to 60 million shares of common stock. All PEF common shares issued and outstanding are indirectly held by Progress Energy. There are various provisions limiting the use of retained earnings for the payment of dividends under certain circumstances. At December 31, 2010, there were no significant restrictions on the use of retained earnings. See Note 11B for additional dividend restrictions related to PEF.

B. STOCK-BASED COMPENSATION

EMPLOYEE STOCK OWNERSHIP PLAN

We sponsor the 401(k) for which substantially all full-time nonbargaining unit employees and certain part-time nonbargaining unit employees within participating subsidiaries are eligible. The 401(k), which has a matching feature, encourages systematic savings by employees and provides a method of acquiring Progress Energy common stock and other diverse investments. The 401(k), as amended in 1989, is an Employee Stock Ownership Plan (ESOP) that can enter into acquisition loans to acquire Progress Energy common stock to satisfy 401(k) common share needs. Qualification as an ESOP did not change the level of benefits received by employees under the 401(k). Common stock acquired with the proceeds of an ESOP loan was held by the 401(k) Trustee in a suspense account. The common stock was released from the suspense account and made available for allocation to participants as the ESOP loan was repaid. Such allocations are used to partially meet common stock needs related to matching and incentive contributions and/or reinvested dividends. All or a portion of the dividends paid on ESOP suspense shares and on ESOP shares allocated to participants may be used to repay ESOP acquisition loans. Dividends that are used to repay such loans, paid directly to participants or reinvested by participants, are deductible for income tax purposes. At December 31, 2010, no ESOP suspense shares were outstanding and the ESOP acquisition loan was repaid.

There were 0.5 million ESOP suspense shares at December 31, 2009 with a fair value of $22 million. ESOP shares allocated to plan participants totaled 13.4 million and 13.0 million at December 31, 2010 and 2009, respectively. Our matching compensation cost under the 401(k) is determined based on matching percentages as defined in the plan. Through December 31, 2010, such compensation cost was allocated to participants' accounts in the form of Progress Energy common stock, with the number of shares determined by dividing compensation cost by the common stock market value at the time of allocation. In 2010, we met common stock share needs with open market purchases and with shares released from the ESOP suspense account. Matching costs met with shares released from the suspense account totaled approximately $12 million, $12 million and $8 million for the years ended December 31, 2010, 2009 and 2008, respectively. At December 31, 2009, we had a long-term note receivable from the 401(k) Trustee related to the purchase of common stock from us in 1989. The balance of the note receivable from the 401(k) Trustee was included in the determination of unearned ESOP common stock, which reduces common stock equity.

We also sponsor the Savings Plan for Employees of Florida Progress Corporation, which is an ESOP plan that covers bargaining unit employees of PEF.

Total matching cost for both plans was approximately $43 million, $41 million and $38 million for the years ended December 31, 2010, 2009 and 2008, respectively.

PEC

PEC's matching costs met with shares released from the ESOP suspense account totaled approximately $8 million, $8 million and $6 million for the years ended December 31, 2010, 2009 and 2008, respectively. Total matching cost was approximately $23 million, $22 million and $21 million for the years ended December 31, 2010, 2009 and 2008, respectively.

PEF

PEF's matching costs met with shares released from the ESOP suspense account totaled approximately $3 million, $4 million and $2 million for the years ended December 31, 2010, 2009 and 2008, respectively. Total matching cost for both plans was approximately $14 million, $12 million and $11 million for the years ended December 31, 2010, 2009 and 2008, respectively.

OTHER STOCK-BASED COMPENSATION PLANS

We have additional compensation plans for our officers and key employees that are stock-based in whole or in part. Our long-term compensation program currently includes two types of equity-based incentives: performance shares under the Performance Share Sub-Plan (PSSP) and restricted stock programs. The compensation program was established pursuant to our 1997 Equity Incentive Plan (EIP) and was continued under our 2002 and 2007 EIPs, as amended and restated from time to time. As authorized by the EIPs, we may grant up to 20 million shares of Progress Energy common stock through our long-term compensation program.

In 2008, shares issued under the PSSP used only one performance measure. In 2009, the PSSP was redesigned. For 2009 and 2010, shares issued under the revised plan use total shareholder return and earnings growth as two equally weighted performance measures. The outcome of the performance measures can result in an increase or decrease from the target number of performance shares granted. We distribute common stock shares to participants equivalent to the number of performance shares that ultimately vest. Through December 31, 2010, we issued new shares of common stock to satisfy the requirements of the PSSP program. Also, the fair value of the stock-settled award is generally established at the grant date based on the fair value of common stock on that date, with subsequent adjustments made to reflect the status of the performance measure. Compensation expense for all awards is reduced by estimated forfeitures. At December 31, 2010, there were an immaterial number of stock-settled performance target shares outstanding. The final number of shares issued will be dependent upon the outcome of the performance measures discussed above.

Beginning in 2007, we began issuing restricted stock units (RSUs) rather than the previously issued restricted stock awards for our officers, vice presidents, managers and key employees. RSUs awarded to eligible employees are generally subject to either three- or five-year cliff vesting or three- or five-year graded vesting. Through December 31, 2010, we issued new shares of common stock to satisfy the requirements of the RSU program. Compensation expense, based on the fair value of common stock at the grant date, is recognized over the applicable vesting period, with corresponding increases in common stock equity. RSUs are included as shares outstanding in the basic earnings per share calculation and are converted to shares upon vesting. At December 31, 2010, there were an immaterial number of RSUs outstanding.

The total fair value of RSUs vested during the years ended December 31, 2010, 2009 and 2008, was $24 million, $16 million and $9 million, respectively. No cash was expended to purchase stock to satisfy RSU plan obligations in 2010, 2009 and 2008. The RSUs vested during 2010 had a weighted-average grant date fair value of $43.58.

Our Consolidated Statements of Income included total recognized expense for other stock-based compensation plans of $27 million for the year ended December 31, 2010, with a recognized tax benefit of $11 million. The total expense recognized on our Consolidated Statements of Income for other stock-based compensation plans was $37 million, with a recognized tax benefit of $14 million, and $34 million, with a recognized tax benefit of $13 million, for the years ended December 31, 2009 and 2008, respectively. No compensation cost related to other stock-based compensation plans was capitalized.

At December 31, 2010, unrecognized compensation cost related to nonvested other stock-based compensation plan awards totaled $25 million, which is expected to be recognized over a weighted-average period of 1.6 years.

PEC

PEC's Consolidated Statements of Income included total recognized expense for other stock-based compensation plans of $16 million for the year ended December 31, 2010, with a recognized tax benefit of $6 million. The total expense recognized on PEC's Consolidated Statements of Income for other stock-based compensation plans was $22 million, with a recognized tax benefit of $9 million, and $20 million, with a recognized tax benefit of $8

million, for the years ended December 31, 2009 and 2008, respectively. No compensation cost related to other stock-based compensation plans was capitalized.

PEF

PEF's Statements of Income included total recognized expense for other stock-based compensation plans of $11 million for the year ended December 31, 2010, with a recognized tax benefit of $4 million. The total expense recognized on PEF's Statements of Income for other stock-based compensation plans was $14 million, with a recognized tax benefit of $5 million, and $14 million, with a recognized tax benefit of $5 million, for the years ended December 31, 2009 and 2008, respectively. No compensation cost related to other stock-based compensation plans was capitalized.

C. EARNINGS PER COMMON SHARE

Basic earnings per common share are based on the weighted-average number of common shares outstanding, which includes the effects of unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents. Diluted earnings per share include the effects of the nonvested portion of performance share awards and the effect of stock options outstanding.

A reconciliation of the weighted-average number of common shares outstanding for the years ended December 31 for basic and dilutive purposes follows:

(in millions)	**2010**	2009	2008
Weighted-average common shares – basic	**290.7**	279.4	261.6
Net effect of dilutive stock-based compensation plans	**0.1**	0.1	0.1
Weighted-average shares – fully diluted	**290.8**	279.5	261.7

There were no adjustments to net income or to income from continuing operations attributable to controlling interests between the calculations of basic and fully diluted earnings per common share. There were 0.8 million, 1.5 million and 1.6 million stock options outstanding at December 31, 2010, 2009 and 2008, respectively, which were not included in the weighted-average number of shares for computing the fully diluted earnings per share because they were antidilutive.

D. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Components of accumulated other comprehensive (loss) income, net of tax, at December 31 were as follows:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Cash flow hedges	**$ (63)**	$ (35)	**$ (33)**	$ (27)	**$ (4)**	$ 3
Pension and other postretirement benefits	**(62)**	(52)	**-**	-	**-**	-
Total accumulated other comprehensive (loss) income	**$ (125)**	$ (87)	**$ (33)**	$ (27)	**$ (4)**	$ 3

10. PREFERRED STOCK OF SUBSIDIARIES

All of our preferred stock was issued by the Utilities. The preferred stock is considered temporary equity due to certain provisions that could require us to redeem the preferred stock for cash. In the event dividends payable on PEC or PEF preferred stock are in default for an amount equivalent to or exceeding four quarterly dividend payments, the holders of the preferred stock are entitled to elect a majority of PEC or PEF's respective board of directors until all accrued and unpaid dividends are paid. All classes of preferred stock are entitled to cumulative dividends with preference to the common stock dividends, are redeemable by vote of the Utilities' respective board of directors at any time, and do not have any preemptive rights. All classes of preferred stock have a liquidation preference equal to $100 per share plus any accumulated unpaid dividends except for PEF's 4.75%, $100 par value class, which does not have a liquidation preference. Each holder of PEC's preferred stock is entitled to one vote. The holders of PEF's preferred stock have no right to vote except for certain circumstances involving dividends payable on preferred stock that are in default or certain matters affecting the rights and preferences of the preferred stock.

At December 31, 2010 and 2009, preferred stock outstanding consisted of the following:

	Shares			
(dollars in millions, except share and per share data)	Authorized	Outstanding	Redemption Price	Total
PEC				
Cumulative, no par value $5 Preferred Stock	300,000	236,997	$ 110.00	$ 24
Cumulative, no par value Serial Preferred Stock	20,000,000			
$4.20 Serial Preferred		100,000	102.00	10
$5.44 Serial Preferred		249,850	101.00	25
Cumulative, no par value Preferred Stock A	5,000,000	-	-	-
No par value Preference Stock	10,000,000	-	-	-
Total PEC				59
PEF				
Cumulative, $100 par value Preferred Stock	4,000,000			
4.00% $100 par value Preferred		39,980	104.25	4
4.40% $100 par value Preferred		75,000	102.00	8
4.58% $100 par value Preferred		99,990	101.00	10
4.60% $100 par value Preferred		39,997	103.25	4
4.75% $100 par value Preferred		80,000	102.00	8
Cumulative, no par value Preferred Stock	5,000,000	-	-	-
$100 par value Preference Stock	1,000,000	-	-	-
Total PEF				34
Total preferred stock of subsidiaries				$ 93

11. DEBT AND CREDIT FACILITIES

A. DEBT AND CREDIT FACILITIES

At December 31 our long-term debt consisted of the following (maturities and weighted-average interest rates at December 31, 2010):

(in millions)		2010	2009
Parent			
Senior unsecured notes, maturing 2011-2039	6.64 %	$ 4,200	$ 4,300
Unamortized premium and discount, net		(6)	(7)
Current portion of long-term debt		(205)	(100)
Long-term debt, net		3,989	4,193
PEC			
First mortgage bonds, maturing 2011-2038	5.60 %	2,525	2,525
Pollution control obligations, maturing 2017-2024	0.89 %	669	669
Senior unsecured notes, maturing 2012	6.50 %	500	500
Miscellaneous notes	6.00 %	5	21
Unamortized premium and discount, net		(6)	(6)
Current portion of long-term debt		-	(6)
Long-term debt, net		3,693	3,703
PEF			
First mortgage bonds, maturing 2011-2040	5.82 %	4,100	3,800
Pollution control obligations, maturing 2018-2027	0.52 %	241	241
Medium-term notes, maturing 2028	6.75 %	150	150
Unamortized premium and discount, net		(9)	(8)
Current portion of long-term debt		(300)	(300)
Long-term debt, net		4,182	3,883
Progress Energy consolidated long-term debt, net		$ 11,864	$ 11,779
Florida Progress Funding Corporation (See Note 23)			
Debt to affiliated trust, maturing 2039	7.10 %	$ 309	$ 309
Unamortized premium and discount, net		(36)	(37)
Long-term debt, affiliate		$ 273	$ 272

On January 21, 2011, the Parent issued $500 million of 4.40% Senior Notes due 2021. We expect to use net proceeds of $495 million, along with available cash on hand, to retire at maturity the $700 million outstanding aggregate principal balance of our 7.10% Senior Notes due March 1, 2011. Accordingly, we classified $495 million of the Parent's $700 million 7.10% Senior Notes due March 1, 2011 as long-term debt at December 31, 2010.

On January 15, 2010, the Parent paid at maturity $100 million of its Series A Floating Rate Notes with a portion of the proceeds from the $950 million of Senior Notes issued in November 2009.

On March 25, 2010, PEF issued $250 million of 4.55% First Mortgage Bonds due 2020 and $350 million of 5.65% First Mortgage Bonds due 2040. Proceeds were used to repay the outstanding balance of PEF's notes payable to affiliated companies, to repay the maturity of PEF's $300 million 4.50% First Mortgage Bonds due June 1, 2010, and for general corporate purposes.

At December 31, 2010 and 2009, we had committed lines of credit used to support our commercial paper and other short-term borrowings. At December 31, 2010 and December 31, 2009, we had no outstanding borrowings under our revolving credit agreements (RCAs). We are required to pay fees to maintain our credit facilities.

The following tables summarize our RCAs and available capacity at December 31:

(in millions)		Total	Outstanding	Reserved[a]	Available
2010					
Parent	**Five-year (expiring 5/3/12)[b]**	**$ 500**	**$ -**	**$ 31**	**$ 469**
PEC	**Three-year (expiring 10/15/13)**	**750**	**-**	**-**	**750**
PEF	**Three-year (expiring 10/15/13)**	**750**	**-**	**-**	**750**
Total credit facilities		**$ 2,000**	**$ -**	**$ 31**	**$ 1,969**
2009					
Parent	Five-year (expiring 5/3/12)	$ 1,130	$ -	$ 177	$ 953
PEC	Five-year (expiring 6/28/11)	450	-	-	450
PEF	Five-year (expiring 3/28/11)	450	-	-	450
Total credit facilities		$ 2,030	$ -	$ 177	$ 1,853

[a] To the extent amounts are reserved for commercial paper or letters of credit outstanding, they are not available for additional borrowings. At December 31, 2010 and 2009, the Parent had $31 million and $37 million, respectively, of letters of credit issued, which were supported by the RCA. Additionally, on December 31, 2009, the Parent had $140 million of outstanding commercial paper supported by the RCA.

[b] Approximately $22 million of the $500 million will expire May 3, 2011.

On October 15, 2010, PEC and PEF each entered into new $750 million, three-year RCAs with a syndication of 22 financial institutions. The RCAs are used to provide liquidity support for PEC's and PEF's issuances of commercial paper and other short-term obligations, and for general corporate purposes. The RCAs will expire on October 15, 2013. The new $750 million RCAs replaced PEC's and PEF's $450 million RCAs, which were set to expire on June 28, 2011 and March 28, 2011, respectively. Both $450 million RCAs were terminated effective October 15, 2010. Fees and interest rates under the new RCAs are to be determined based upon the respective credit ratings of PEC's and PEF's long-term unsecured senior noncredit-enhanced debt, as rated by Moody's Investor Services, Inc. (Moody's) and Standard and Poor's Rating Services (S&P). The RCAs do not include material adverse change representations for borrowings or financial covenants for interest coverage. See "Covenants and Default Provisions" for additional provisions related to the RCAs.

Also on October 15, 2010, the Parent ratably reduced the size of its $1.130 billion credit facility to $500 million with the existing group of 15 financial institutions. As a result of the changes made on October 15, 2010, our combined credit commitments total $2.000 billion, supported by 24 financial institutions.

The following table summarizes short-term debt comprised of outstanding commercial paper, and related weighted-average interest rates at December 31:

(in millions)	2010		2009	
Parent	- %	$ -	0.49 %	$ 140
PEC	-	-	-	-
PEF	-	-	-	-
Total	- %	$ -	0.49 %	$ 140

Long-term debt maturities during the next five years are as follows:

(in millions)	Progress Energy Consolidated	PEC	PEF
2011	$ 1,000	$ -	$ 300
2012	950	500	-
2013	830	405	425
2014	300	-	-
2015	1,000	700	300

B. COVENANTS AND DEFAULT PROVISIONS

FINANCIAL COVENANTS

The Parent's, PEC's and PEF's credit lines contain various terms and conditions that could affect the ability to borrow under these facilities. All of the credit facilities include a defined maximum total debt to total capital ratio (leverage). At December 31, 2010, the maximum and calculated ratios for the Progress Registrants, pursuant to the terms of the agreements, were as follows:

Company	Maximum Ratio	Actual Ratio[(a)]
Parent	68 %	56 %
PEC	65 %	42 %
PEF	65 %	49 %

[(a)] Indebtedness as defined by the credit agreement includes certain letters of credit and guarantees not recorded on the Consolidated Balance Sheets.

CROSS-DEFAULT PROVISIONS

Each of these credit agreements contains cross-default provisions for defaults of indebtedness in excess of the following thresholds: $50 million for the Parent and $35 million each for PEC and PEF. Under these provisions, if the applicable borrower or certain subsidiaries of the borrower fail to pay various debt obligations in excess of their respective cross-default threshold, the lenders of that credit facility could accelerate payment of any outstanding borrowing and terminate their commitments to the credit facility. The Parent's cross-default provision can be triggered by the Parent and its significant subsidiaries, as defined in the credit agreement. PEC's and PEF's cross-default provisions can be triggered only by defaults of indebtedness by PEC and its subsidiaries and PEF, respectively, not by each other or by other affiliates of PEC and PEF.

Additionally, certain of the Parent's long-term debt indentures contain cross-default provisions for defaults of indebtedness in excess of amounts ranging from $25 million to $50 million; these provisions apply only to other obligations of the Parent, primarily commercial paper issued by the Parent, not its subsidiaries. In the event that these indenture cross-default provisions are triggered, the debt holders could accelerate payment of long-term debt. Following payment of the Parent's $700 million March 1, 2011 maturity, $4.000 billion in long-term debt could be subject to acceleration provisions. Certain agreements underlying our indebtedness also limit our ability to incur additional liens or engage in certain types of sale and leaseback transactions.

OTHER RESTRICTIONS

Neither the Parent's Articles of Incorporation nor any of its debt obligations contain any restrictions on the payment of dividends, so long as no shares of preferred stock are outstanding. At December 31, 2010, the Parent had no shares of preferred stock outstanding. See Note 25 for information regarding restrictions on dividends relative to the Progress Energy and Duke Energy Agreement and Plan of Merger.

Certain documents restrict the payment of dividends by the Parent's subsidiaries as outlined below.

PEC

PEC's mortgage indenture provides that as long as any first mortgage bonds are outstanding, cash dividends and distributions on its common stock and purchases of its common stock are restricted to aggregate net income available for PEC since December 31, 1948, plus $3 million, less the amount of all preferred stock dividends and distributions, and all common stock purchases, since December 31, 1948. At December 31, 2010, none of PEC's cash dividends or distributions on common stock was restricted.

In addition, PEC's Articles of Incorporation provide that so long as any shares of preferred stock are outstanding, the aggregate amount of cash dividends or distributions on common stock since December 31, 1945, including the amount then proposed to be expended, shall be limited to 75 percent of the aggregate net income available for common stock if common stock equity falls below 25 percent of total capitalization, and to 50 percent if common

stock equity falls below 20 percent. PEC's Articles of Incorporation also provide that cash dividends on common stock shall be limited to 75 percent of the current year's net income available for dividends if common stock equity falls below 25 percent of total capitalization, and to 50 percent if common stock equity falls below 20 percent. At December 31, 2010, PEC's common stock equity was approximately 58.0 percent of total capitalization. At December 31, 2010, none of PEC's cash dividends or distributions on common stock was restricted.

PEF

PEF's mortgage indenture provides that as long as any first mortgage bonds are outstanding, it will not pay any cash dividends upon its common stock, or make any other distribution to the stockholders, except a payment or distribution out of net income of PEF subsequent to December 31, 1943. At December 31, 2010, none of PEF's cash dividends or distributions on common stock was restricted.

In addition, PEF's Articles of Incorporation provide that so long as any shares of preferred stock are outstanding, no cash dividends or distributions on common stock shall be paid, if the aggregate amount thereof since April 30, 1944, including the amount then proposed to be expended, plus all other charges to retained earnings since April 30, 1944, exceeds all credits to retained earnings since April 30, 1944, plus all amounts credited to capital surplus after April 30, 1944, arising from the donation to PEF of cash or securities or transfers of amounts from retained earnings to capital surplus. PEF's Articles of Incorporation also provide that cash dividends on common stock shall be limited to 75 percent of the current year's net income available for dividends if common stock equity falls below 25 percent of total capitalization, and to 50 percent if common stock equity falls below 20 percent. On December 31, 2010, PEF's common stock equity was approximately 53.7 percent of total capitalization. At December 31, 2010, none of PEF's cash dividends or distributions on common stock was restricted.

C. COLLATERALIZED OBLIGATIONS

PEC's and PEF's first mortgage bonds are collateralized by their respective mortgage indentures. Each mortgage constitutes a first lien on substantially all of the fixed properties of the respective company, subject to certain permitted encumbrances and exceptions. Each mortgage also constitutes a lien on subsequently acquired property. At December 31, 2010, PEC and PEF had a total of $3.194 billion and $4.341 billion, respectively, of first mortgage bonds outstanding, including those related to pollution control obligations. Each mortgage allows the issuance of additional mortgage bonds upon the satisfaction of certain conditions.

D. GUARANTEES OF SUBSIDIARY DEBT

See Note 18 on related party transactions for a discussion of obligations guaranteed or secured by affiliates.

E. HEDGING ACTIVITIES

We use interest rate derivatives to adjust the fixed and variable rate components of our debt portfolio and to hedge cash flow risk related to commercial paper and fixed-rate debt to be issued in the future. See Note 17 for a discussion of risk management activities and derivative transactions.

12. INVESTMENTS

A. INVESTMENTS

At December 31, 2010 and 2009, we had investments in various debt and equity securities, cost investments, company-owned life insurance and investments held in trust funds as follows:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Nuclear decommissioning trust (See Notes 4C and 13)	**$ 1,571**	$ 1,367	**$ 1,017**	$ 871	**$ 554**	$ 496
Equity method investments[a]	**16**	18	**3**	5	**2**	2
Cost investments[b]	**5**	5	**4**	4	**-**	-
Company-owned life insurance[c]	**46**	45	**37**	35	**-**	-
Benefit investment trusts[d]	**175**	191	**97**	90	**37**	35
Total	**$ 1,813**	$ 1,626	**$ 1,158**	$ 1,005	**$ 593**	$ 533

[a] Investments in unconsolidated companies are accounted for using the equity method of accounting (See Note 1) and are included in miscellaneous other property and investments in the Consolidated Balance Sheets. These investments are primarily in limited liability corporations and limited partnerships, and the earnings from these investments are recorded on a pre-tax basis.

[b] Investments stated principally at cost are included in miscellaneous other property and investments in the Consolidated Balance Sheets.

[c] Investments in company-owned life insurance approximate fair value due to the nature of the investments and are included in miscellaneous other property and investments in the Consolidated Balance Sheets.

[d] Benefit investment trusts are included in miscellaneous other property and investments in the Consolidated Balance Sheets. At December 31, 2010 and 2009, $166 million and $152 million, respectively, of investments in company-owned life insurance were held in Progress Energy's trusts. Substantially all of PEC's and PEF's benefit investment trusts are invested in company-owned life insurance.

B. IMPAIRMENT OF INVESTMENTS

We evaluate declines in value of investments under the criteria of GAAP. Declines in fair value to below the cost basis judged to be other than temporary on available-for-sale securities are included in long-term regulatory assets or liabilities on the Consolidated Balance Sheets for securities held in our nuclear decommissioning trust funds and in operation and maintenance expense and other, net on the Consolidated Statements of Income for securities in our benefit investment trusts, other available-for-sale securities and equity and cost method investments. See Note 13 for additional information. There were no material other-than-temporary impairments in 2010, 2009 or 2008.

13. FAIR VALUE DISCLOSURES

A. DEBT AND INVESTMENTS

PROGRESS ENERGY

DEBT

The carrying amount of our long-term debt, including current maturities, was $12.642 billion and $12.457 billion at December 31, 2010 and 2009, respectively. The estimated fair value of this debt, as obtained from quoted market prices for the same or similar issues, was $14.0 billion and $13.4 billion at December 31, 2010 and 2009, respectively.

INVESTMENTS

Certain investments in debt and equity securities that have readily determinable market values are accounted for as available-for-sale securities at fair value. Our available-for-sale securities include investments in stocks, bonds and cash equivalents held in trust funds, pursuant to NRC requirements, to fund certain costs of decommissioning the Utilities' nuclear plants (See Note 4C). NDT funds are presented on the Consolidated Balance Sheets at fair value. In addition to the NDT funds, we hold other debt investments classified as available-for-sale, which are included in miscellaneous other property and investments on the Consolidated Balance Sheets at fair value.

The following table summarizes our available-for-sale securities at December 31:

(in millions)	Fair Value	Unrealized Losses	Unrealized Gains
2010			
Common stock equity	**$ 1,021**	**$ 13**	**$ 408**
Preferred stock and other equity	**28**	**-**	**11**
Corporate debt	**90**	**-**	**6**
U.S. state and municipal debt	**132**	**4**	**3**
U.S. and foreign government debt	**264**	**2**	**10**
Money market funds and other	**52**	**-**	**1**
Total	**$ 1,587**	**$ 19**	**$ 439**
2009			
Common stock equity	$ 839	$ 22	$ 301
Preferred stock and other equity	16	-	5
Corporate debt	71	1	5
U.S. state and municipal debt	118	2	3
U.S. and foreign government debt	197	1	8
Money market funds and other	161	-	-
Total	$ 1,402	$ 26	$ 322

The NDT funds and other available-for-sale debt investments held in certain benefit trusts are managed by third-party investment managers who have a right to sell securities without our authorization. Net unrealized gains and losses of the NDT funds that would be recorded in earnings or other comprehensive income by a nonregulated entity are recorded as regulatory assets and liabilities pursuant to ratemaking treatment. Therefore, the preceding tables include the unrealized gains and losses for the NDT funds based on the original cost of the trust investments. All of the unrealized losses and unrealized gains for 2010 and 2009 relate to the NDT funds. There were no material unrealized losses and unrealized gains for the other available-for-sale debt securities held in benefit trusts at December 31, 2010 and 2009.

The aggregate fair value of investments that related to the December 31, 2010 and 2009 unrealized losses was $195 million and $209 million, respectively.

At December 31, 2010, the fair value of our available-for-sale debt securities by contractual maturity was:

(in millions)	
Due in one year or less	$ 27
Due after one through five years	223
Due after five through 10 years	126
Due after 10 years	117
Total	$ 493

The following table presents selected information about our sales of available-for-sale securities for the years ended December 31. Realized gains and losses were determined on a specific identification basis.

(in millions)	2010	2009	2008
Proceeds	$ 6,747	$ 2,207	$ 1,316
Realized gains	21	26	29
Realized losses	27	87	86

Proceeds were primarily related to NDT funds. Losses for investments in the benefit investment trusts were not material. Other securities are evaluated on an individual basis to determine if a decline in fair value below the carrying value is other-than-temporary. At December 31, 2010 and 2009, our other securities had no investments in a continuous loss position for greater than 12 months.

PEC

DEBT

The carrying amount of PEC's long-term debt, including current maturities, was $3.693 billion and $3.709 billion at December 31, 2010 and 2009, respectively. The estimated fair value of this debt, as obtained from quoted market prices for the same or similar issues, was $4.0 billion at December 31, 2010 and 2009.

INVESTMENTS

Certain investments in debt and equity securities that have readily determinable market values are accounted for as available-for-sale securities at fair value. PEC's available-for-sale securities include investments in stocks, bonds and cash equivalents held in trust funds, pursuant to NRC requirements, to fund certain costs of decommissioning PEC's nuclear plants (See Note 4C). NDT funds are presented on the Consolidated Balance Sheets at fair value.

The following table summarizes PEC's available-for-sale securities at December 31:

(in millions)	Fair Value	Unrealized Losses	Unrealized Gains
2010			
Common stock equity	**$ 652**	**$ 10**	**$ 256**
Preferred stock and other equity	**14**	**-**	**6**
Corporate debt	**72**	**-**	**5**
U.S. state and municipal debt	**51**	**1**	**1**
U.S. and foreign government debt	**199**	**1**	**9**
Money market funds and other	**42**	**-**	**1**
Total	**$ 1,030**	**$ 12**	**$ 278**
2009			
Common stock equity	$ 545	$ 19	$ 186
Preferred stock and other equity	10	-	3
Corporate debt	67	1	4
U.S. state and municipal debt	37	-	1
U.S. and foreign government debt	177	1	8
Money market funds and other	35	-	-
Total	$ 871	$ 21	$ 202

The NDT funds are managed by third-party investment managers who have a right to sell securities without our authorization. Net unrealized gains and losses of the NDT funds that would be recorded in earnings or other comprehensive income by a nonregulated entity are recorded as regulatory assets and liabilities pursuant to ratemaking treatment. Therefore, the preceding tables include the unrealized gains and losses for the NDT funds

based on the original cost of the trust investments. All of the unrealized losses and gains for 2010 and 2009 relate to the NDT funds.

The aggregate fair value of investments that related to the December 31, 2010 and 2009 unrealized losses was $104 million and $121 million, respectively.

At December 31, 2010, the fair value of PEC's available-for-sale debt securities by contractual maturity was:

(in millions)	
Due in one year or less	$ 14
Due after one through five years	138
Due after five through 10 years	85
Due after 10 years	92
Total	$ 329

The following table presents selected information about PEC's sales of available-for-sale securities for the years ended December 31. Realized gains and losses were determined on a specific identification basis.

(in millions)	2010	2009	2008
Proceeds	$ 419	$ 622	$ 587
Realized gains	10	9	12
Realized losses	19	36	48

PEC's proceeds were primarily related to NDT funds. Other securities are evaluated on an individual basis to determine if a decline in fair value below the carrying value is other-than-temporary. At December 31, 2010 and 2009, PEC did not have any other securities.

PEF

DEBT

The carrying amount of PEF's long-term debt, including current maturities, was $4.482 billion and $4.183 billion at December 31, 2010 and 2009, respectively. The estimated fair value of this debt, as obtained from quoted market prices for the same or similar issues, was $5.0 billion and $4.5 billion at December 31, 2010 and 2009, respectively.

INVESTMENTS

Certain investments in debt and equity securities that have readily determinable market values are accounted for as available-for-sale securities at fair value. PEF's available-for-sale securities include investments in stocks, bonds and cash equivalents held in trust funds, pursuant to NRC requirements, to fund certain costs of decommissioning PEF's nuclear plant (See Note 4C). The NDT funds are presented on the Balance Sheets at fair value.

The following table summarizes PEF's available-for-sale securities at December 31:

(in millions)	Fair Value	Unrealized Losses	Unrealized Gains
2010			
Common stock equity	**$ 369**	**$ 3**	**$ 152**
Preferred stock and other equity	**14**	**-**	**5**
Corporate debt	**14**	**-**	**1**
U.S. state and municipal debt	**81**	**3**	**2**
U.S. and foreign government debt	**62**	**1**	**1**
Money market funds and other	**10**	**-**	**-**
Total	**$ 550**	**$ 7**	**$ 161**

(in millions)	Fair Value	Unrealized Losses	Unrealized Gains
2009			
Common stock equity	$ 294	$ 3	$ 115
Preferred stock and other equity	6	-	2
Corporate debt	4	-	1
U.S. state and municipal debt	80	2	2
U.S. and foreign government debt	13	-	-
Money market funds and other	99	-	-
Total	$ 496	$ 5	$ 120

The NDT funds are managed by third-party investment managers who have a right to sell securities without our authorization. Net unrealized gains and losses of the NDT funds that would be recorded in earnings or other comprehensive income by a nonregulated entity are recorded as regulatory assets and liabilities pursuant to ratemaking treatment. Therefore, the preceding tables include unrealized gains and losses for the NDT funds based on the original cost of the trust investments. All of the unrealized losses and gains for 2010 and 2009 relate to the NDT funds.

The aggregate fair value of investments that related to the December 31, 2010 and 2009 unrealized losses was $87 million and $56 million, respectively.

At December 31, 2010, the fair value of PEF's available-for-sale debt securities by contractual maturity was:

(in millions)	
Due in one year or less	$ 6
Due after one through five years	85
Due after five through 10 years	41
Due after 10 years	25
Total	$ 157

The following table presents selected information about PEF's sales of available-for-sale securities for the years ended December 31. Realized gains and losses were determined on a specific identification basis.

(in millions)	**2010**	2009	2008
Proceeds	**$ 6,170**	$ 1,471	$ 610
Realized gains	**10**	14	16
Realized losses	**8**	50	36

PEF's proceeds were related to NDT funds. Other securities are evaluated on an individual basis to determine if a decline in fair value below the carrying value is other-than-temporary. At December 31, 2010 and 2009, PEF did not have any other securities.

B. FAIR VALUE MEASUREMENTS

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurements require the use of market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, corroborated by market data, or generally unobservable. Valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

GAAP also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, and requires fair value measurements to be categorized based on the observability of those inputs. The hierarchy gives the highest

priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are as follows:

Level 1 – The pricing inputs are unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives and listed equities.

Level 2 – The pricing inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 includes financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less than active markets.

Level 3 – The pricing inputs include significant inputs generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments may include longer-term instruments that extend into periods in which quoted prices or other observable inputs are not available.

Certain assets and liabilities, including long-lived assets, were measured at fair value on a nonrecurring basis. There were no significant fair value measurement losses recognized for such assets and liabilities in the periods reported. These fair value measurements fall within Level 3 of the hierarchy discussed above.

The following tables set forth, by level within the fair value hierarchy, our and the Utilities' financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2010 and 2009. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

PROGRESS ENERGY

(in millions)	Level 1	Level 2	Level 3	Total
2010				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 1,021	$ -	$ -	$ 1,021
Preferred stock and other equity	22	6	-	28
Corporate debt	-	86	-	86
U.S. state and municipal debt	-	132	-	132
U.S. and foreign government debt	79	182	-	261
Money market funds and other	1	42	-	43
Total nuclear decommissioning trust funds	1,123	448	-	1,571
Derivatives				
Commodity forward contracts	-	15	-	15
Interest rate contracts	-	4	-	4
Other marketable securities				
Corporate debt	-	4	-	4
U.S. and foreign government debt	-	3	-	3
Money market funds and other	18	-	-	18
Total assets	$ 1,141	$ 474	$ -	$ 1,615
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 458	$ 36	$ 494
Interest rate contracts	-	39	-	39
Contingent value obligations derivatives	-	15	-	15
Total liabilities	$ -	$ 512	$ 36	$ 548

(in millions)	Level 1	Level 2	Level 3	Total
2009				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 839	$ -	$ -	$ 839
Preferred stock and other equity	16	-	-	16
Corporate debt	-	71	-	71
U.S. state and municipal debt	-	117	-	117
U.S. and foreign government debt	62	128	-	190
Money market funds and other	1	133	-	134
Total nuclear decommissioning trust funds	918	449	-	1,367
Derivatives				
Commodity forward contracts	-	20	-	20
Interest rate contracts	-	19	-	19
Other marketable securities				
U.S. state and municipal debt	-	1	-	1
U.S. and foreign government debt	-	7	-	7
Money market funds and other	16	27	-	43
Total assets	$ 934	$ 523	$ -	$ 1,457
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 386	$ 39	$ 425
Contingent value obligations derivatives	-	15	-	15
Total liabilities	$ -	$ 401	$ 39	$ 440

PEC

(in millions)	Level 1	Level 2	Level 3	Total
2010				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 652	$ -	$ -	$ 652
Preferred stock and other equity	14	-	-	14
Corporate debt	-	72	-	72
U.S. state and municipal debt	-	51	-	51
U.S. and foreign government debt	76	123	-	199
Money market funds and other	1	28	-	29
Total nuclear decommissioning trust funds	743	274	-	1,017
Derivatives				
Commodity forward contracts	-	2	-	2
Interest rate contracts	-	3	-	3
Other marketable securities	4	-	-	4
Total assets	$ 747	$ 279	$ -	$ 1,026
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 87	$ 36	$ 123
Interest rate contracts	-	11	-	11
Total liabilities	$ -	$ 98	$ 36	$ 134

(in millions)	Level 1	Level 2	Level 3	Total
2009				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 545	$ -	$ -	$ 545
Preferred stock and other equity	10	-	-	10
Corporate debt	-	67	-	67
U.S. state and municipal debt	-	37	-	37
U.S. and foreign government debt	52	125	-	177
Money market funds and other	1	34	-	35
Total nuclear decommissioning trust funds	608	263	-	871
Derivatives				
Interest rate contracts	-	8	-	8
Other marketable securities	1	-	-	1
Total assets	$ 609	$ 271	$ -	$ 880
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 63	$ 27	$ 90

PEF

(in millions)	Level 1	Level 2	Level 3	Total
2010				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 369	$ -	$ -	$ 369
Preferred stock and other equity	8	6	-	14
Corporate debt	-	14	-	14
U.S. state and municipal debt	-	81	-	81
U.S. and foreign government debt	3	59	-	62
Money market funds and other	-	14	-	14
Total nuclear decommissioning trust funds	380	174	-	554
Derivatives				
Commodity forward contracts	-	13	-	13
Other marketable securities	1	-	-	1
Total assets	$ 381	$ 187	$ -	$ 568
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 371	$ -	$ 371
Interest rate contracts	-	7	-	7
Total liabilities	$ -	$ 378	$ -	$ 378

(in millions)	Level 1	Level 2	Level 3	Total
2009				
Assets				
Nuclear decommissioning trust funds				
Common stock equity	$ 294	$ -	$ -	$ 294
Preferred stock and other equity	6	-	-	6
Corporate debt	-	4	-	4
U.S. state and municipal debt	-	80	-	80
U.S. and foreign government debt	10	3	-	13
Money market funds and other	-	99	-	99
Total nuclear decommissioning trust funds	310	186	-	496
Derivatives				
Commodity forward contracts	-	20	-	20
Interest rate contracts	-	5	-	5
Other marketable securities	1	-	-	1
Total assets	$ 311	$ 211	$ -	$ 522
Liabilities				
Derivatives				
Commodity forward contracts	$ -	$ 323	$ 12	$ 335

The determination of the fair values in the preceding tables incorporates various factors, including risks of nonperformance by us or our counterparties. Such risks consider not only the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits or letters of credit), but also the impact of our and the Utilities' credit risk on our liabilities.

Commodity forward contract derivatives and interest rate contract derivatives reflect positions held by us and the Utilities. Most over-the-counter commodity forward contract derivatives and interest rate contract derivatives are valued using financial models which utilize observable inputs for similar instruments and are classified within Level 2. Other derivatives are valued utilizing inputs that are not observable for substantially the full term of the contract,

or for which the impact of the unobservable period is significant to the fair value of the derivative. Such derivatives are classified within Level 3. See Note 17 for discussion of risk management activities and derivative transactions.

NDT funds reflect the assets of the Utilities' nuclear decommissioning trusts. The assets of the trusts are invested primarily in exchange-traded equity securities (classified within Level 1) and marketable debt securities, most of which are valued using Level 1 inputs for similar instruments and are classified within Level 2.

Other marketable securities primarily represent available-for-sale debt securities used to fund certain employee benefit costs.

We issued Contingent Value Obligations (CVOs) in connection with the acquisition of Florida Progress, as discussed in Note 15. The CVOs are derivatives recorded at fair value based on quoted prices from a less-than-active market and are classified as Level 2.

Transfers in (out) of Levels 1, 2 or 3 represent existing assets or liabilities previously categorized as a higher level for which the inputs to the estimate became less observable or assets and liabilities previously classified as Level 2 or 3 for which the lowest significant input became more observable during the period. There were no significant transfers in (out) of Levels 1 or 2 during the period other than those reflected in the Level 3 reconciliations. Transfers into and out of each level are measured at the end of the reporting period.

A reconciliation of changes in the fair value of our and the Utilities' commodity derivatives, net classified as Level 3 in the fair value hierarchy for the years ended December 31 follows:

PROGRESS ENERGY

(in millions)	**2010**	2009	2008
Derivatives, net at beginning of period	$ **39**	$ 41	$ (26)
Total losses (gains), realized and unrealized deferred as regulatory assets and liabilities, net	**44**	13	102
Transfers (out) in of Level 3, net	**(47)**	(15)	(35)
Derivatives, net at end of period	$ **36**	$ 39	$ 41

PEC

(in millions)	**2010**	2009	2009
Derivatives, net at beginning of period	$ **27**	$ 22	$ (6)
Total losses (gains), realized and unrealized deferred as regulatory assets and liabilities, net	**27**	7	32
Transfers (out) in of Level 3, net	**(18)**	(2)	(4)
Derivatives, net at end of period	$ **36**	$ 27	$ 22

PEF

(in millions)	**2010**	2009	2008
Derivatives, net at beginning of period	$ **12**	$ 19	$ (20)
Total losses (gains), realized and unrealized deferred as regulatory assets and liabilities, net	**17**	6	70
Transfers (out) in of Level 3, net	**(29)**	(13)	(31)
Derivatives, net at end of period	$ **-**	$ 12	$ 19

Substantially all unrealized gains and losses on derivatives are deferred as regulatory liabilities or assets consistent with ratemaking treatment. There were no Level 3 purchases, sales, issuances or settlements during the period.

14. INCOME TAXES

We provide deferred income taxes for temporary differences between book and tax carrying amounts of assets and liabilities. Investment tax credits related to regulated operations have been deferred and are being amortized over the estimated service life of the related properties. To the extent that the establishment of deferred income taxes is different from the recovery of taxes by the Utilities through the ratemaking process, the differences are deferred pursuant to GAAP for regulated operations. A regulatory asset or liability has been recognized for the impact of tax expenses or benefits that are recovered or refunded in different periods by the Utilities pursuant to rate orders. We accrue for uncertain tax positions when it is determined that it is more likely than not that the benefit will not be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the tax benefit recognized is measured at the largest amount that, in our judgment, is greater than 50 percent likely to be realized.

PROGRESS ENERGY

Accumulated deferred income tax assets (liabilities) at December 31 were:

(in millions)	2010	2009
Deferred income tax assets		
ARO liability	$ 107	$ 127
Derivative instruments	204	159
Income taxes refundable through future rates	271	225
Pension and other postretirement benefits	447	508
Other	394	374
Tax credit carry forwards	839	712
Net operating loss carry forwards	105	66
Valuation allowance	(60)	(55)
Total deferred income tax assets	2,307	2,116
Deferred income tax liabilities		
Accumulated depreciation and property cost differences	(2,439)	(1,889)
Income taxes recoverable through future rates	(875)	(782)
Other	(386)	(338)
Total deferred income tax liabilities	(3,700)	(3,009)
Total net deferred income tax liabilities	$ (1,393)	$ (893)

The above amounts were classified on the Consolidated Balance Sheets as follows:

(in millions)	2010	2009
Current deferred income tax assets, included in prepayments and other current assets	$ 156	$ 168
Noncurrent deferred income tax assets, included in other assets and deferred debits	34	37
Noncurrent deferred income tax liabilities, included in noncurrent income tax liabilities	(1,583)	(1,098)
Total net deferred income tax liabilities	$ (1,393)	$ (893)

At December 31, 2010, we had the following tax credit and net operating loss carry forwards:

- $836 million of federal alternative minimum tax credits that do not expire.
- $5 million of state income tax credits that will expire during 2013.
- $105 million of gross federal net operating loss carry forwards that will expire during 2030.
- $1.6 billion of gross state net operating loss carry forwards that will expire during the period 2011 through 2030.

Valuation allowances have been established due to the uncertainty of realizing certain future state tax benefits. We had a net increase of $5 million in our valuation allowances during 2010.

We believe it is more likely than not that the results of future operations will generate sufficient taxable income to allow for the utilization of the remaining deferred tax assets.

Certain substantial changes in ownership of Progress Energy, including the proposed merger between Progress Energy and Duke Energy (See Note 25), can impact the timing of the utilization of tax credit carry forwards and net operating loss carry forwards.

Reconciliations of our effective income tax rate to the statutory federal income tax rate for the years ended December 31 follow:

	2010	2009	2008
Effective income tax rate	**38.3 %**	32.1 %	33.7 %
State income taxes, net of federal benefit	**(4.3)**	(3.7)	(3.8)
Investment tax credit amortization	**0.5**	0.8	1.0
Employee stock ownership plan dividends	**0.9**	1.0	1.0
Domestic manufacturing deduction	**-**	0.8	0.3
AFUDC equity	**1.4**	2.2	2.5
Other differences, net	**(1.8)**	1.8	0.3
Statutory federal income tax rate	**35.0 %**	35.0 %	35.0 %

Income tax expense applicable to continuing operations for the years ended December 31 was comprised of:

(in millions)	**2010**	2009	2008
Current			
Federal	**$ (46)**	$ 227	$ 38
State	**(13)**	41	12
Total current income tax expense (benefit)	**(59)**	268	50
Deferred			
Federal	**542**	114	305
State	**100**	25	49
Total deferred income tax expense	**642**	139	354
Investment tax credit	**(7)**	(10)	(12)
Net operating loss carry forward	**(37)**	-	(6)
Beginning-of-the-year valuation allowance change	**-**	-	9
Total income tax expense	**$ 539**	$ 397	$ 395

We previously recorded a deferred income tax asset for a state net operating loss carry forward upon the sale of our nonregulated generating facilities and energy marketing and trading operations. During 2008, we recorded an additional deferred income tax asset of $6 million related to the state net operating loss carry forward due to a change in estimate based on 2007 tax return filings. During 2008 we also evaluated this state net operating loss carry forward and recorded a partial valuation allowance of $9 million.

Total income tax expense applicable to continuing operations excluded the following:

- Taxes related to discontinued operations recorded net of tax for 2010, 2009 and 2008, which are presented separately in Notes 3A through 3C.
- Taxes related to other comprehensive income recorded net of tax for 2010, 2009 and 2008, which are presented separately in the Consolidated Statements of Comprehensive Income.
- An immaterial amount of current tax benefit, which was recorded in common stock during 2010, related to excess tax deductions resulting from vesting of restricted stock awards, vesting of RSUs, vesting of stock-settled PSSP awards and exercises of nonqualified stock options pursuant to the terms of our EIP. No net current tax benefit was recorded in common stock during 2009 and 2008.

At December 31, 2010, 2009, and 2008, our liability for unrecognized tax benefits was $176 million, $160 million, and $104 million, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate for income from continuing operations was $8 million, $9 million, and $8 million, respectively, at December 31, 2010, 2009, and 2008. The following table presents the changes to unrecognized tax benefits during the years ended December 31:

(in millions)	2010	2009	2008
Unrecognized tax benefits at beginning of period	$ 160	$ 104	$ 93
Gross amounts of increases as a result of tax positions taken in a prior period	10	11	17
Gross amounts of decreases as a result of tax positions taken in a prior period	(4)	(3)	(11)
Gross amounts of increases as a result of tax positions taken in the current period	14	52	8
Gross amounts of decreases as a result of tax positions taken in the current period	(4)	(4)	(2)
Amounts of net increases relating to settlements with taxing authorities	-	-	1
Reduction as a result of a lapse of the applicable statute of limitations	-	-	(2)
Unrecognized tax benefits at end of period	$ 176	$ 160	$ 104

We and our subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Generally our open federal tax years are from 2004 forward, and our open state tax years in our major jurisdictions are from 2003 or 2004 forward. The IRS is currently examining our federal tax returns for years 2004 through 2005. We cannot predict when the review will be completed. Although the timing for completion of the IRS review is uncertain, it is reasonably possible that unrecognized tax benefits will decrease by up to approximately $60 million during the 12-month period ending December 31, 2011, due to expected settlements. Any potential decrease will not have a material impact on our results of operations.

We include interest expense related to unrecognized tax benefits in net interest charges and we include penalties in other, net on the Consolidated Statements of Income. During 2010, 2009, and 2008, the net interest expense related to unrecognized tax benefits was $9 million, $9 million, and $4 million, respectively, of which a respective $5 million, $5 million, and $1 million expense component was deferred as a regulatory asset by PEF, which is amortized as a charge to interest expense over a three-year period or less. During 2008, PEF charged the unamortized balance of the regulatory asset to interest expense. During 2010 and 2009, there were no penalties related to unrecognized tax benefits. During 2008, less than $1 million was recorded for penalties related to unrecognized tax benefits. At December 31, 2010, 2009, and 2008, we had accrued $45 million, $36 million, and $27 million, respectively, for interest and penalties, which are included in interest accrued and other liabilities and deferred credits on the Consolidated Balance Sheets.

PEC

Accumulated deferred income tax assets (liabilities) at December 31 were:

(in millions)	2010	2009
Deferred income tax assets		
ARO liability	$ 103	$ 111
Income taxes refundable through future rates	142	106
Pension and other postretirement benefits	180	254
Other	207	186
Total deferred income tax assets	632	657
Deferred income tax liabilities		
Accumulated depreciation and property cost differences	(1,552)	(1,307)
Deferred fuel recovery	(29)	(60)
Income taxes recoverable through future rates	(421)	(377)
Investments	(104)	(71)
Other	(6)	(8)
Total deferred income tax liabilities	(2,112)	(1,823)
Total net deferred income tax liabilities	$ (1,480)	$ (1,166)

The above amounts were classified on the Consolidated Balance Sheets as follows:

(in millions)	2010	2009
Current deferred income tax assets, included in prepayments and other current assets	$ 65	$ 42
Noncurrent deferred income tax liabilities, included in noncurrent income tax liabilities	(1,545)	(1,208)
Total net deferred income tax liabilities	$ (1,480)	$ (1,166)

Reconciliations of PEC's effective income tax rate to the statutory federal income tax rate for the years ended December 31 follow:

	2010	2009	2008
Effective income tax rate	36.8 %	35.0 %	35.8 %
State income taxes, net of federal benefit	(3.2)	(2.8)	(2.7)
Investment tax credit amortization	0.6	0.7	0.7
Domestic manufacturing deduction	0.4	0.9	0.5
Other differences, net	0.4	1.2	0.7
Statutory federal income tax rate	35.0 %	35.0 %	35.0 %

Income tax expense for the years ended December 31 was comprised of:

(in millions)	2010	2009	2008
Current			
Federal	$ 73	$ 192	$ 87
State	(8)	21	7
Total current income tax expense	65	213	94
Deferred			
Federal	238	57	181
State	53	13	29
Total deferred income tax expense	291	70	210
Investment tax credit	(6)	(6)	(6)
Total income tax expense	$ 350	$ 277	$ 298

Total income tax expense excluded taxes related to other comprehensive income recorded net of tax for 2010, 2009 and 2008, which are presented separately in the Consolidated Statements of Comprehensive Income.

PEC and each of its wholly owned subsidiaries have entered into the Tax Agreement with the Parent (See Note 1D). PEC's intercompany tax receivable was approximately $78 million and $38 million at December 31, 2010 and 2009, respectively.

At December 31, 2010, 2009, and 2008, PEC's liability for unrecognized tax benefits was $74 million, $59 million, and $38 million, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate for income from continuing operations was $4 million, $5 million, and $5 million, respectively, at December 31, 2010, 2009, and 2008. The following table presents the changes to unrecognized tax benefits during the years ended December 31, 2010, 2009, and 2008:

(in millions)	2010	2009	2008
Unrecognized tax benefits at beginning of period	$ 59	$ 38	$ 41
Gross amounts of increases as a result of tax positions taken in a prior period	8	6	5
Gross amounts of decreases as a result of tax positions taken in a prior period	(2)	(2)	(10)
Gross amounts of increases as a result of tax positions taken in the current period	10	17	4
Gross amounts of decreases as a result of tax positions taken in the current period	(1)	-	(1)
Amounts of net increases relating to settlements with taxing authorities	-	-	1
Reduction as a result of a lapse of the applicable statute of limitations	-	-	(2)
Unrecognized tax benefits at end of period	$ 74	$ 59	$ 38

We file consolidated federal and state income tax returns that include PEC. In addition, PEC files stand-alone tax returns in various state jurisdictions. Generally PEC's open federal tax years are from 2004 forward, and PEC's open state tax years in our major jurisdictions are from 2003 or 2004 forward. The IRS is currently examining our federal tax returns for years 2004 through 2005. PEC cannot predict when the review will be completed. Although the timing for completion of the IRS review is uncertain, it is reasonably possible that unrecognized tax benefits will decrease by up to approximately $10 million during the 12-month period ending December 31, 2011, due to expected settlements. Any potential decrease will not have a material impact on PEC's results of operations.

PEC includes interest expense related to unrecognized tax benefits in net interest charges and we include penalties in other, net on the Consolidated Statements of Income. During 2010 and 2009, the interest expense recorded related to unrecognized tax benefits was $4 million and $3 million, respectively. During 2008, the interest benefit recorded related to unrecognized tax benefits was $1 million. During 2010, 2009, and 2008, there were no penalties related to unrecognized tax benefits. At December 31, 2010, 2009, and 2008, we had accrued $14 million, $10 million, and $7 million, respectively, for interest and penalties, which are included in interest accrued and other liabilities and deferred credits on the Consolidated Balance Sheets.

PEF

Accumulated deferred income tax assets (liabilities) at December 31 were:

(in millions)	2010	2009
Deferred income tax assets		
Derivative instruments	$ 145	$ 125
Income taxes refundable through future rates	93	73
Pension and other postretirement benefits	170	163
Reserve for storm damage	52	52
Unbilled revenue	61	48
Other	82	89
Tax credit carry forwards	3	-
Net operating loss carry forwards	9	-
Total deferred income tax assets	615	550
Deferred income tax liabilities		
Accumulated depreciation and property cost differences	(874)	(568)
Deferred fuel recovery	(65)	(14)
Deferred nuclear cost recovery	(94)	(107)
Income taxes recoverable through future rates	(454)	(406)
Investments	(60)	(44)
Other	(18)	(26)
Total deferred income tax liabilities	(1,565)	(1,165)
Total net deferred income tax liabilities	$ (950)	$ (615)

The above amounts were classified on the Balance Sheets as follows:

(in millions)	2010	2009
Current deferred income tax assets, included in deferred tax assets	$ 77	$ 115
Noncurrent deferred income tax liabilities, included in noncurrent income tax liabilities	(1,027)	(730)
Total net deferred income tax liabilities	$ (950)	$ (615)

At December 31, 2010, PEF had the following tax credit and net operating loss carry forwards:

- $5 million of state income tax credits that will expire during 2013.
- $22 million of gross federal net operating loss carry forwards that will expire during 2030.
- $46 million of gross state net operating loss carry forwards that will expire during 2030.

Reconciliations of PEF's effective income tax rate to the statutory federal income tax rate for the years ended December 31 follow:

	2010	2009	2008
Effective income tax rate	**37.9 %**	31.1 %	32.0 %
State income taxes, net of federal benefit	**(3.2)**	(3.0)	(3.1)
Investment tax credit amortization	**0.2**	0.7	1.1
Domestic manufacturing deduction	**-**	0.8	0.2
AFUDC equity	**0.8**	3.4	5.4
Other differences, net	**(0.7)**	2.0	(0.6)
Statutory federal income tax rate	**35.0 %**	35.0 %	35.0 %

Income tax expense for the years ended December 31 was comprised of:

(in millions)	2010	2009	2008
Current			
Federal	**$ (44)**	$ 125	$ 39
State	**(4)**	20	12
Total current income tax expense (benefit)	**(48)**	145	51
Deferred			
Federal	**293**	57	121
State	**41**	11	15
Total deferred income tax expense	**334**	68	136
Investment tax credit	**(1)**	(4)	(6)
Net operating loss carry forward	**(9)**	-	-
Total income tax expense	**$ 276**	$ 209	$ 181

Total income tax expense excluded the following:

- Taxes related to other comprehensive income recorded net of tax for 2010, 2009 and 2008, which are presented separately in the Statements of Comprehensive Income.
- An immaterial amount of current tax benefit, which was recorded in common stock during 2010, related to excess tax deductions resulting from vesting of restricted stock awards, vesting of RSUs, vesting of stock-settled PSSP awards and exercises of nonqualified stock options pursuant to the terms of our EIP. No net current tax benefit was recorded in common stock during 2009 and 2008.

PEF has entered into the Tax Agreement with the Parent (See Note 1D). PEF's intercompany tax receivable was approximately $71 million and $122 million at December 31, 2010 and 2009, respectively.

At December 31, 2010, 2009, and 2008, PEF's liability for unrecognized tax benefits was $99 million, $98 million, and $62 million, respectively. The amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate for income from continuing operations was $2 million, $3 million, and $2 million, respectively, at December 31, 2010, 2009, and 2008. The following table presents the changes to unrecognized tax benefits during the years ended December 31, 2010, 2009, and 2008:

(in millions)	2010	2009	2008
Unrecognized tax benefits at beginning of period	$ 98	$ 62	$ 55
Gross amounts of increases as a result of tax positions taken in a prior period	2	5	6
Gross amounts of decreases as a result of tax positions taken in a prior period	(1)	(1)	(1)
Gross amounts of increases as a result of tax positions taken in the current period	3	35	3
Gross amounts of decreases as a result of tax positions taken in the current period	(3)	(3)	(1)
Amounts of net increases (decreases) relating to settlements with taxing authorities	-	-	-
Reduction as a result of a lapse of the applicable statute of limitations	-	-	-
Unrecognized tax benefits at end of period	$ 99	$ 98	$ 62

We file consolidated federal and state income tax returns that include PEF. Generally PEF's open federal tax years are from 2004 forward, and PEF's open state tax years are from 2003 forward. The IRS is currently examining our federal tax returns for years 2004 through 2005. PEF cannot predict when the review will be completed. Although the timing for completion of the IRS review is uncertain, it is reasonably possible that unrecognized tax benefits will decrease by up to approximately $50 million during the 12-month period ending December 31, 2011, due to expected settlements. Any potential decrease will not have a material impact on our results of operations.

Pursuant to a regulatory order, PEF records interest expense related to unrecognized tax benefits as a regulatory asset, which is amortized over a three-year period or less, with the amortization included in net interest charges on the Statements of Income. During 2008, PEF charged the unamortized balance of the regulatory asset to interest expense on the Statements of Income. Penalties are included in other, net on the Statements of Income. During 2010, 2009, and 2008, interest expense recorded as a regulatory asset was $5 million, $5 million, and $1 million, respectively, and there were no penalties recorded related to unrecognized tax benefits. At December 31, 2010, 2009, and 2008, PEF had accrued $29 million, $24 million, and $19 million, respectively, for interest and penalties, which are included in interest accrued and other assets and deferred debits on the Consolidated Balance Sheets.

15. CONTINGENT VALUE OBLIGATIONS

In connection with the acquisition of Florida Progress during 2000, the Parent issued 98.6 million CVOs. Each CVO represents the right of the holder to receive contingent payments based on the performance of four coal-based solid synthetic fuels limited liability companies, three of which were wholly owned (Earthco), purchased by subsidiaries of Florida Progress in October 1999. All of our synthetic fuels businesses were abandoned and all operations ceased as of December 31, 2007 (See Note 3A). The payments are based on the net after-tax cash flows the facilities generated. We make deposits into a CVO trust for estimated contingent payments due to CVO holders based on the results of operations and the utilization of tax credits. The balance of the CVO trust at December 31, 2010 and 2009 was $11 million and is included in other assets and deferred debits on the Consolidated Balance Sheets. Future payments from the trust to CVO holders will not be made until certain conditions are satisfied and will include principal and interest earned during the investment period net of expenses deducted. Interest earned on the payments held in trust for 2010 and 2009 was insignificant.

The CVOs are derivatives and are recorded at fair value. The unrealized loss/gain recognized due to changes in fair value is recorded in other, net on the Consolidated Statements of Income (See Note 20). At December 31, 2010 and

2009, the CVO liability included in other liabilities and deferred credits on our Consolidated Balance Sheets was $15 million.

16. BENEFIT PLANS

A. POSTRETIREMENT BENEFITS

We have noncontributory defined benefit retirement plans that provide pension benefits for substantially all full-time employees. We also have supplementary defined benefit pension plans that provide benefits to higher-level employees. In addition to pension benefits, we provide contributory other postretirement benefits (OPEB), including certain health care and life insurance benefits, for retired employees who meet specified criteria. We use a measurement date of December 31 for our pension and OPEB plans.

COSTS OF BENEFIT PLANS

Prior service costs and benefits are amortized on a straight-line basis over the average remaining service period of active participants. Actuarial gains and losses in excess of 10 percent of the greater of the projected benefit obligation or the market-related value of assets are amortized over the average remaining service period of active participants.

To determine the market-related value of assets, we use a five-year averaging method for a portion of the pension assets and fair value for the remaining portion. We have historically used the five-year averaging method. When we acquired Florida Progress in 2000, we retained the Florida Progress historical use of fair value to determine market-related value for Florida Progress pension assets.

The tables below provide the components of the net periodic benefit cost for the years ended December 31. A portion of net periodic benefit cost is capitalized as part of construction work in progress.

PROGRESS ENERGY

	Pension Benefits			OPEB		
(in millions)	**2010**	2009	2008	**2010**	2009	2008
Service cost	**$ 48**	$ 42	$ 46	**$ 16**	$ 7	$ 8
Interest cost	**140**	138	128	**45**	31	34
Expected return on plan assets	**(157)**	(133)	(170)	**(4)**	(4)	(6)
Amortization of actuarial loss[a]	**51**	54	8	**13**	1	1
Other amortization, net [a]	**6**	6	2	**5**	5	5
Net periodic cost before deferral[b]	**$ 88**	$ 107	$ 14	**$ 75**	$ 40	$ 42

[a] Adjusted to reflect PEF's rate treatment (See Note 16B).

[b] PEF received permission from the FPSC to defer the retail portion of certain 2009 pension expense. The FPSC order did not change the total net periodic pension cost, but deferred a portion of the costs to be recovered in future periods. During 2009, PEF deferred $34 million of net periodic pension costs as a regulatory asset. See Note 7C.

PEC

	Pension Benefits			OPEB		
(in millions)	**2010**	2009	2008	**2010**	2009	2008
Service cost	**$ 19**	$ 18	$ 23	**$ 5**	$ 5	$ 5
Interest cost	**64**	64	58	**20**	16	17
Expected return on plan assets	**(77)**	(67)	(66)	**(2)**	(2)	(4)
Amortization of actuarial loss	**16**	11	6	**4**	-	-
Other amortization, net	**6**	6	2	**1**	1	1
Net periodic cost	**$ 28**	$ 32	$ 23	**$ 28**	$ 20	$ 19

PEF

(in millions)	Pension Benefits 2010	Pension Benefits 2009	Pension Benefits 2008	OPEB 2010	OPEB 2009	OPEB 2008
Service cost	**$ 22**	$ 19	$ 17	**$ 10**	$ 2	$ 2
Interest cost	**59**	56	53	**22**	13	14
Expected return on plan assets	**(68)**	(56)	(90)	**(2)**	(1)	(1)
Amortization of actuarial loss	**31**	38	1	**9**	-	1
Other amortization, net	**-**	-	(1)	**4**	3	3
Net periodic cost before deferral[(a)]	**$ 44**	$ 57	$ (20)	**$ 43**	$ 17	$ 19

(a) PEF received permission from the FPSC to defer the retail portion of certain 2009 pension expense. The FPSC order did not change the total net periodic pension cost, but deferred a portion of the costs to be recovered in future periods. During 2009, PEF deferred $34 million of net periodic pension costs as a regulatory asset. See Note 7C.

The following tables provide a summary of amounts recognized in other comprehensive income and other comprehensive income reclassification adjustments for amounts included in net income for 2010, 2009 and 2008. The tables also include comparable items that affected regulatory assets of PEC and PEF. For PEC and PEF, amounts that would otherwise be recorded in other comprehensive income are recorded as adjustments to regulatory assets consistent with the recovery of the related costs through the ratemaking process.

PROGRESS ENERGY

(in millions)	Pension Benefits 2010	Pension Benefits 2009	Pension Benefits 2008	OPEB 2010	OPEB 2009	OPEB 2008
Other comprehensive income (loss)						
Recognized for the year						
Net actuarial (loss) gain	**$ (11)**	$ (1)	$ (64)	**$ (10)**	$ 4	$ (8)
Other, net	**-**	-	(6)	**-**	-	-
Reclassification adjustments						
Net actuarial loss	**4**	5	1	**-**	1	-
Other, net	**-**	-	1	**-**	1	-
Regulatory asset (increase) decrease						
Recognized for the year						
Net actuarial (loss) gain	**(65)**	10	(735)	**(164)**	64	(73)
Other, net	**-**	(3)	(36)	**-**	-	-
Amortized to income[(a)]						
Net actuarial loss	**47**	49	7	**13**	-	1
Other, net	**6**	6	1	**5**	4	5

(a) These amounts were amortized as a component of net periodic cost, as reflected in the previous net periodic cost table. Refer to that table for information regarding the deferral of a portion of net periodic pension cost.

PEC

(in millions)	Pension Benefits 2010	Pension Benefits 2009	Pension Benefits 2008	OPEB 2010	OPEB 2009	OPEB 2008
Regulatory asset (increase) decrease						
Recognized for the year						
Net actuarial (loss) gain	**$ (24)**	$ (14)	$ (308)	**$ (64)**	$ 38	$ (66)
Other, net	**-**	(2)	(31)	**-**	-	-
Amortized to income						
Net actuarial loss	**16**	11	6	**4**	-	-
Other, net	**6**	6	2	**1**	1	1

PEF

(in millions)	Pension Benefits			OPEB		
	2010	2009	2008	**2010**	2009	2008
Regulatory asset (increase) decrease						
Recognized for the year						
Net actuarial (loss) gain	$ **(41)**	$ 24	$ (427)	$ **(100)**	$ 26	$ (6)
Other, net	**-**	(1)	(5)	**-**	-	-
Amortized to income[(a)]						
Net actuarial loss	**31**	38	1	**9**	-	1
Other, net	**-**	-	(1)	**4**	3	3

(a) These amounts were amortized as a component of net periodic cost, as reflected in the previous net periodic cost table. Refer to that table for information regarding the deferral of a portion of net periodic pension cost.

The following weighted-average actuarial assumptions were used by Progress Energy in the calculation of its net periodic cost:

	Pension Benefits			OPEB		
	2010	2009	2008	**2010**	2009	2008
Discount rate	**6.00 %**	6.30 %	6.20 %	**6.05 %**	6.20 %	6.20 %
Rate of increase in future compensation						
Bargaining	**4.50 %**	4.25 %	4.25 %	-	-	-
Supplementary plans	**5.25 %**	5.25 %	5.25 %	-	-	-
Expected long-term rate of return on plan assets	**8.75 %**	8.75 %	9.00 %	**6.60 %**	6.80 %	8.10 %

The weighted-average actuarial assumptions used by PEC and PEF were not materially different from the assumptions above, as applicable, except that the expected long-term rate of return on OPEB plan assets was 5.00% for PEF for all years presented and for PEC was 8.75%, 8.75% and 9.00% for 2010, 2009 and 2008, respectively.

The expected long-term rates of return on plan assets were determined by considering long-term projected returns based on the plans' target asset allocations. Specifically, return rates were developed for each major asset class and weighted based on the target asset allocations. The projected returns were benchmarked against historical returns for reasonableness. We decreased our expected long-term rate of return on pension assets by 0.25% in 2009, primarily due to the uncertainties resulting from the severe capital market deterioration in 2008. See the "Assets of Benefit Plans" section below for additional information regarding our investment policies and strategies.

BENEFIT OBLIGATIONS AND ACCRUED COSTS

GAAP requires us to recognize in our statement of financial condition the funded status of our pension and other postretirement benefit plans, measured as the difference between the fair value of the plan assets and the benefit obligation as of the end of the fiscal year.

Reconciliations of the changes in the Progress Registrants' benefit obligations and the funded status as of December 31, 2010 and 2009 are presented in the tables below, with each table followed by related supplementary information.

PROGRESS ENERGY

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Projected benefit obligation at January 1	**$ 2,422**	$ 2,234	**$ 543**	$ 608
Service cost	**48**	42	**16**	7
Interest cost	**140**	138	**45**	31
Settlements	**-**	(9)	**-**	-
Benefit payments	**(129)**	(124)	**(44)**	(40)
Plan amendment	**1**	3	**-**	-
Actuarial loss (gain)	**127**	138	**173**	(63)
Obligation at December 31	**2,609**	2,422	**733**	543
Fair value of plan assets at December 31	**1,891**	1,673	**33**	55
Funded status	**$ (718)**	$ (749)	**$ (700)**	$ (488)

All defined benefit pension plans had accumulated benefit obligations in excess of plan assets, with projected benefit obligations totaling $2.609 billion and $2.422 billion at December 31, 2010 and 2009, respectively. Those plans had accumulated benefit obligations totaling $2.563 billion and $2.378 billion at December 31, 2010 and 2009, respectively, and plan assets of $1.891 billion and $1.673 billion at December 31, 2010 and 2009, respectively.

The accrued benefit costs reflected in the Consolidated Balance Sheets at December 31 were as follows:

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Current liabilities	**$ (10)**	$ (9)	**$ (22)**	$ -
Noncurrent liabilities	**(708)**	(740)	**(678)**	(488)
Funded status	**$ (718)**	$ (749)	**$ (700)**	$ (488)

The following table provides a summary of amounts not yet recognized as a component of net periodic cost at December 31:

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Recognized in accumulated other comprehensive loss				
Net actuarial loss (gain)	**$ 90**	$ 83	**$ 5**	$ (5)
Other, net	**9**	10	**1**	-
Recognized in regulatory assets, net				
Net actuarial loss	**824**	806	**183**	32
Other, net	**55**	59	**9**	14
Total not yet recognized as a component of net periodic cost[(a)]	**$ 978**	$ 958	**$ 198**	$ 41

(a) All components are adjusted to reflect PEF's rate treatment (See Note 16B).

The following table presents the amounts we expect to recognize as components of net periodic cost in 2011:

(in millions)	Pension Benefits	OPEB
Amortization of actuarial loss[(a)]	$ 58	$ 12
Amortization of other, net[(a)]	7	5

[(a)] Adjusted to reflect PEF's rate treatment (See Note 16B).

PEC

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Projected benefit obligation at January 1	**$ 1,120**	$ 1,025	**$ 282**	$ 312
Service cost	**19**	18	**5**	5
Interest cost	**64**	64	**20**	16
Plan amendment	**-**	2	**-**	-
Benefit payments	**(56)**	(50)	**(19)**	(17)
Actuarial loss (gain)	**41**	61	**64**	(34)
Obligation at December 31	**1,188**	1,120	**352**	282
Fair value of plan assets at December 31	**884**	749	**-**	21
Funded status	**$ (304)**	$ (371)	**$ (352)**	$ (261)

All defined benefit pension plans had accumulated benefit obligations in excess of plan assets, with projected benefit obligations totaling $1.188 billion and $1.120 billion at December 31, 2010 and 2009, respectively. Those plans had accumulated benefit obligations totaling $1.184 billion and $1.116 billion at December 31, 2010 and 2009, respectively, and plan assets of $884 million and $749 million at December 31, 2010 and 2009, respectively.

The accrued benefit costs reflected on the Balance Sheets at December 31 were as follows:

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Current liabilities	**$ (2)**	$ (2)	**$ (19)**	$ -
Noncurrent liabilities	**(302)**	(369)	**(333)**	(261)
Funded status	**$ (304)**	$ (371)	**$ (352)**	$ (261)

The table below provides a summary of amounts not yet recognized as a component of net periodic cost at December 31:

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Recognized in regulatory assets				
Net actuarial loss	**$ 418**	$ 410	**$ 76**	$ 16
Other, net	**49**	54	**2**	3
Total not yet recognized as a component of net periodic cost	**$ 467**	$ 464	**$ 78**	$ 19

The following table presents the amounts PEC expects to recognize as components of net periodic cost in 2011:

(in millions)	Pension Benefits	OPEB
Amortization of actuarial loss	$ 23	$ 4
Amortization of other, net	6	1

PEF

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Projected benefit obligation at January 1	**$ 992**	$ 914	**$ 219**	$ 248
Service cost	**22**	19	**10**	2
Interest cost	**59**	56	**22**	13
Plan amendment	**1**	-	**-**	-
Benefit payments	**(58)**	(58)	**(23)**	(20)
Actuarial loss (gain)	**71**	61	**98**	(24)
Obligation at December 31	**1,087**	992	**326**	219
Fair value of plan assets at December 31	**871**	794	**33**	32
Funded status	**$ (216)**	$ (198)	**$ (293)**	$ (187)

All defined benefit pension plans had accumulated benefit obligations in excess of plan assets, with projected benefit obligations totaling $1.087 billion and $992 million at December 31, 2010 and 2009, respectively. Those plans had accumulated benefit obligations totaling $1.049 billion and $957 million at December 31, 2010 and 2009, respectively, and plan assets of $871 million and $794 million at December 31, 2010 and 2009, respectively.

The accrued benefit costs reflected in the Balance Sheets at December 31 were as follows:

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Current liabilities	**$ (3)**	$ (3)	**$ -**	$ -
Noncurrent liabilities	**(213)**	(195)	**(293)**	(187)
Funded status	**$ (216)**	$ (198)	**$ (293)**	$ (187)

The following table provides a summary of amounts not yet recognized as a component of net periodic cost at December 31.

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Recognized in regulatory assets, net				
Net actuarial loss	**$ 406**	$ 396	**$ 107**	$ 16
Other, net	**6**	5	**7**	11
Total not yet recognized as a component of net periodic cost	**$ 412**	$ 401	**$ 114**	$ 27

The following table presents the amounts PEF expects to recognize as components of net periodic cost in 2011:

(in millions)	Pension Benefits	OPEB
Amortization of actuarial loss	$ 31	$ 7
Amortization of other, net	-	4

The following weighted-average actuarial assumptions were used in the calculation of our year-end obligations:

	Pension Benefits		OPEB	
	2010	2009	**2010**	2009
Discount rate	**5.65 %**	6.00 %	**5.75 %**	6.05 %
Rate of increase in future compensation				
Bargaining	**4.50 %**	4.50 %	-	-
Supplementary plans	**5.25 %**	5.25 %	-	-
Initial medical cost trend rate for pre-Medicare Act benefits	-	-	**8.50 %**	8.50 %
Initial medical cost trend rate for post-Medicare Act benefits	-	-	**8.50 %**	8.50 %
Ultimate medical cost trend rate	-	-	**5.00 %**	5.00 %
Year ultimate medical cost trend rate is achieved	-	-	**2017**	2016

The weighted-average actuarial assumptions for PEC and PEF were the same or were not significantly different from those indicated above, as applicable. The rates of increase in future compensation include the effects of cost of living adjustments and promotions.

Our primary defined benefit retirement plan for nonbargaining employees is a "cash balance" pension plan. Therefore, we use the traditional unit credit method for purposes of measuring the benefit obligation of this plan. Under the traditional unit credit method, no assumptions are included about future changes in compensation, and the accumulated benefit obligation and projected benefit obligation are the same.

MEDICAL COST TREND RATE SENSITIVITY

The medical cost trend rates were assumed to decrease gradually from the initial rates to the ultimate rates. The effects of a 1 percent change in the medical cost trend rate are shown below.

	Progress Energy	PEC	PEF
1 percent increase in medical cost trend rate			
Effect on total of service and interest cost	$ 3	$ 1	$ 2
Effect on postretirement benefit obligation	46	22	20
1 percent decrease in medical cost trend rate			
Effect on total of service and interest cost	(2)	(1)	(1)
Effect on postretirement benefit obligation	(31)	(15)	(14)

ASSETS OF BENEFIT PLANS

In the plan asset reconciliation tables that follow, our, PEC's and PEF's employer contributions for 2010 include contributions directly to pension plan assets of $129 million, $95 million and $34 million, respectively, and for 2009 include contributions directly to pension plan assets of $222 million, $163 million and $58 million, respectively. Substantially all of the remaining employer contributions represent benefit payments made directly from the Progress Registrants' assets. The OPEB benefit payments presented in the plan asset reconciliation tables that follow represent the cost after participant contributions. Participant contributions represent approximately 15 percent of gross benefit payments for Progress Energy, 21 percent for PEC and 10 percent for PEF. The OPEB benefit payments are also reduced by prescription drug-related federal subsidies received. In 2010, the subsidies totaled $3 million for us, $1 million for PEC and $2 million for PEF. In 2009, the subsidies totaled $3 million for us, $1 million for PEC and $1 million for PEF.

Reconciliations of the fair value of plan assets at December 31 follow:

PROGRESS ENERGY

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Fair value of plan assets January 1	**$ 1,673**	$ 1,285	**$ 55**	$ 52
Actual return on plan assets	**208**	279	**2**	9
Benefit payments, including settlements	**(129)**	(133)	**(44)**	(40)
Employer contributions	**139**	242	**20**	34
Fair value of plan assets at December 31	**$ 1,891**	$ 1,673	**$ 33**	$ 55

PEC

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Fair value of plan assets January 1	**$ 749**	$ 521	**$ 21**	$ 22
Actual return on plan assets	**94**	113	**2**	5
Benefit payments	**(56)**	(50)	**(19)**	(17)
Employer contributions (reimbursements)	**97**	165	**(4)**	11
Fair value of plan assets at December 31	**$ 884**	$ 749	**$ -**	$ 21

PEF

	Pension Benefits		OPEB	
(in millions)	**2010**	2009	**2010**	2009
Fair value of plan assets January 1	**$ 794**	$ 650	**$ 32**	$ 27
Actual return on plan assets	**98**	141	**1**	3
Benefit payments	**(58)**	(58)	**(23)**	(20)
Employer contributions	**37**	61	**23**	22
Fair value of plan assets at December 31	**$ 871**	$ 794	**$ 33**	$ 32

The Progress Registrants' primary objectives when setting investment policies and strategies are to manage the assets of the pension plan to ensure that sufficient funds are available at all times to finance promised benefits and to invest the funds such that contributions are minimized, within acceptable risk limits. We periodically perform studies to analyze various aspects of our pension plans including asset allocations, expected portfolio return, pension contributions and net funded status. One of our key investment objectives is to achieve a rolling 10-year annual return of 6 percent over the rate of inflation. The current target pension asset allocations are 40 percent domestic equity, 20 percent international equity, 25 percent domestic fixed income, 10 percent private equity and timber and 5 percent hedge funds. Tactical shifts (plus or minus 5 percent) in asset allocation from the target allocations are made based on the near-term view of the risk and return tradeoffs of the asset classes. Domestic equity includes investments across large, medium and small capitalized domestic stocks, using investment managers with value, growth and core-based investment strategies. International equity includes investments in foreign stocks in both developed and emerging market countries, using a mix of value and growth based investment strategies. Domestic fixed income primarily includes domestic investment grade fixed income investments. A substantial portion of OPEB plan assets are managed with pension assets. The remaining OPEB plan assets, representing all PEF's OPEB plan assets, are invested in domestic governmental securities.

PROGRESS ENERGY

The following table sets forth by level within the fair value hierarchy of our pension plan assets at December 31, 2010 and 2009. See Note 13 for detailed information regarding the fair value hierarchy.

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2010				
Assets				
Cash and cash equivalents	**$ -**	**$ 94**	**$ -**	**$ 94**
International equity securities	**40**	**-**	**-**	**40**
Domestic equity securities	**286**	**-**	**-**	**286**
Private equity securities	**-**	**-**	**147**	**147**
Corporate bonds	**-**	**216**	**-**	**216**
U.S. state and municipal debt	**-**	**19**	**-**	**19**
U.S. and foreign government debt	**144**	**30**	**-**	**174**
Commingled funds	**-**	**847**	**-**	**847**
Hedge funds	**-**	**51**	**2**	**53**
Timber investments	**-**	**-**	**11**	**11**
Interest rate swaps and other investments	**-**	**4**	**-**	**4**
Fair value of plan assets	**$ 470**	**$ 1,261**	**$ 160**	**$ 1,891**

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2009				
Assets				
Cash and cash equivalents	$ 1	$ 96	$ -	$ 97
Domestic equity securities	263	1	-	264
Private equity securities	-	-	122	122
Corporate bonds	-	67	-	67
U.S. state and municipal debt	-	4	-	4
U.S. and foreign government debt	25	95	-	120
Mortgage backed securities	-	22	-	22
Commingled funds	-	888	-	888
Hedge funds	-	47	2	49
Timber investments	-	-	14	14
Interest rate swaps and other investments	-	56	-	56
Total assets	$ 289	$ 1,276	$ 138	$ 1,703
Liabilities				
Foreign currency contracts	5	-	-	5
Interest rate swaps and other investments	-	25	-	25
Total liabilities	5	25	-	30
Fair value of plan assets	$ 284	$ 1,251	$ 138	$ 1,673

At December 31, 2010, our other postretirement benefit plan assets had a fair value of $33 million, which consisted of U.S. state and municipal assets classified as Level 2 in the fair value hierarchy as of December 31, 2010.

The following table sets forth the fair value hierarchy of our other postretirement plan assets at December 31, 2009. See Note 13 for detailed information regarding the fair value hierarchy.

	Other Postretirement Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	$ -	$ 1	$ -	$ 1
Domestic equity securities	4	-	-	4
Corporate bonds	-	1	-	1
U.S. state and municipal debt	-	32	-	32
U.S. and foreign government debt	-	2	-	2
Commingled funds	-	13	-	13
Hedge funds	-	1	-	1
Interest rate swaps and other investments	-	1	-	1
Fair value of plan assets	$ 4	$ 51	$ -	$ 55

A reconciliation of changes in the fair value of our pension plan assets classified as Level 3 in the fair value hierarchy for the years ended December 31 follows:

(in millions)	**Private Equity Securities**	**Hedge Funds**	**Timber Investments**	**Total**
2010				
Balance at January 1	**$ 122**	**$ 2**	**$ 14**	**$ 138**
Net realized and unrealized gains (losses)[a]	**7**	**-**	**(2)**	**5**
Purchases, sales and distributions, net	**18**	**-**	**(1)**	**17**
Balance at December 31	**$ 147**	**$ 2**	**$ 11**	**$ 160**

(in millions)	**Private Equity Securities**	**Hedge Funds**	**Timber Investments**	**Total**
2009				
Balance at January 1	$ 111	$ 2	$ 18	$ 131
Net realized and unrealized (losses)[a]	(10)	-	(4)	(14)
Purchases, sales and distributions, net	21	-	-	21
Balance at December 31	$ 122	$ 2	$ 14	$ 138

[a] Substantially all amounts relate to investments held at December 31.

PEC

The following table sets forth by level within the fair value hierarchy of PEC's pension plan assets at December 31, 2010 and 2009. See Note 13 for detailed information regarding the fair value hierarchy.

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2010				
Assets				
Cash and cash equivalents	**$ -**	**$ 44**	**$ -**	**$ 44**
International equity securities	**19**	**-**	**-**	**19**
Domestic equity securities	**134**	**-**	**-**	**134**
Private equity securities	**-**	**-**	**69**	**69**
Corporate bonds	**-**	**101**	**-**	**101**
U.S. state and municipal debt	**-**	**9**	**-**	**9**
U.S. and foreign government debt	**67**	**14**	**-**	**81**
Commingled funds	**-**	**396**	**-**	**396**
Hedge funds	**-**	**24**	**1**	**25**
Timber investments	**-**	**-**	**5**	**5**
Interest rate swaps and other investments	**-**	**1**	**-**	**1**
Fair value of plan assets	**$ 220**	**$ 589**	**$ 75**	**$ 884**

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2009				
Assets				
Cash and cash equivalents	$ -	$ 43	$ -	$ 43
Domestic equity securities	118	-	-	118
Private equity securities	-	-	55	55
Corporate bonds	-	30	-	30
U.S. state and municipal debt	-	2	-	2
U.S. and foreign government debt	11	43	-	54
Mortgage backed securities	-	10	-	10
Commingled funds	-	398	-	398
Hedge funds	-	21	1	22
Timber investments	-	-	6	6
Interest rate swaps and other investments	-	24	-	24
Total assets	$ 129	$ 571	$ 62	$ 762
Liabilities				
Foreign currency contracts	2	-	-	2
Interest rate swaps and other investments	-	11	-	11
Total liabilities	2	11	-	13
Fair value of plan assets	$ 127	$ 560	$ 62	$ 749

The following table sets forth the fair value hierarchy of our other postretirement plan assets at December 31, 2009. See Note 13 for detailed information regarding the fair value hierarchy.

	Other Postretirement Benefit Plan Assets			
(in millions)	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ -	$ 1	$ -	$ 1
Domestic equity securities	4	-	-	4
Corporate bonds	-	1	-	1
U.S. and foreign government debt	-	2	-	2
Commingled funds	-	12	-	12
Hedge funds	-	1	-	1
Fair value of plan assets	$ 4	$ 17	$ -	$ 21

A reconciliation of changes in the fair value of PEC's pension plan assets classified as Level 3 in the fair value hierarchy for the years ended December 31 follows:.

(in millions)	Private Equity Securities	Hedge Funds	Timber Investments	Total
2010				
Balance at January 1	**$ 55**	**$ 1**	**$ 6**	**$ 62**
Net realized and unrealized gains (losses)[a]	**4**	**-**	**(1)**	**3**
Purchases, sales and distributions, net	**10**	**-**	**-**	**10**
Balance at December 31	**$ 69**	**$ 1**	**$ 5**	**$ 75**

(in millions)	Private Equity Securities	Hedge Funds	Timber Investments	Total
2009				
Balance at January 1	$ 49	$ 1	$ 8	$ 58
Net realized and unrealized (losses)[a]	(4)	-	(2)	(6)
Purchases, sales and distributions, net	10	-	-	10
Balance at December 31	$ 55	$ 1	$ 6	$ 62

[a] Substantially all amounts relate to investments held at December 31.

PEF

The following table sets forth by level within the fair value hierarchy of PEF's pension assets at December 31, 2010 and 2009. See Note 13 for detailed information regarding the fair value hierarchy.

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2010				
Assets				
Cash and cash equivalents	$ -	$ 43	$ -	$ 43
International equity securities	18	-	-	18
Domestic equity securities	132	-	-	132
Private equity securities	-	-	68	68
Corporate bonds	-	99	-	99
U.S. state and municipal debt	-	9	-	9
U.S. and foreign government debt	66	14	-	80
Commingled funds	-	391	-	391
Hedge funds	-	23	1	24
Timber investments	-	-	5	5
Interest rate swaps and other investments	-	2	-	2
Fair value of plan assets	$ 216	$ 581	$ 74	$ 871

	Pension Benefit Plan Assets			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**
2009				
Assets				
Cash and cash equivalents	$ -	$ 46	$ -	$ 46
Domestic equity securities	125	-	-	125
Private equity securities	-	-	58	58
Corporate bonds	-	32	-	32
U.S. state and municipal debt	-	2	-	2
U.S. and foreign government debt	12	45	-	57
Mortgage backed securities	-	10	-	10
Commingled funds	-	421	-	421
Hedge funds	-	22	1	23
Timber investments	-	-	7	7
Interest rate swaps and other investments	-	26	-	26
Total assets	$ 137	$ 604	$ 66	$ 807
Liabilities				
Foreign currency contracts	2	-	-	2
Interest rate swaps and other investments	-	11	-	11
Total liabilities	2	11	-	13
Fair value of plan assets	$ 135	$ 593	$ 66	$ 794

PEF's other postretirement benefit plan assets had a fair value of $33 million and $32 million, which consisted of U.S. state and municipal assets classified as Level 2 in the fair value hierarchy at December 31, 2010 and 2009, respectively.

A reconciliation of changes in the fair value of PEF's pension plan assets classified as Level 3 in the fair value hierarchy for the years ended December 31 follows:

(in millions)	Private Equity Securities	Hedge Funds	Timber Investments	Total
2010				
Balance at January 1	**$ 58**	**$ 1**	**$ 7**	**$ 66**
Net realized and unrealized (losses)[a]	**3**	**-**	**(1)**	**2**
Purchases, sales and distributions, net	**7**	**-**	**(1)**	**6**
Balance at December 31	**$ 68**	**$ 1**	**$ 5**	**$ 74**

(in millions)	Private Equity Securities	Hedge Funds	Timber Investments	Total
2009				
Balance at January 1	$ 53	$ 1	$ 9	$ 63
Net realized and unrealized (losses)[a]	(5)	-	(2)	(7)
Purchases, sales and distributions, net	10	-	-	10
Balance at December 31	$ 58	$ 1	$ 7	$ 66

[a] Substantially all amounts relate to investments held at December 31.

For Progress Energy, PEC and PEF, the determination of the fair values of pension and postretirement plan assets incorporates various factors required under GAAP. The assets of the plan include exchange traded securities (classified within Level 1) and other marketable debt and equity securities, most of which are valued using Level 1 inputs for similar instruments, and are classified within Level 2 investments.

Most over-the-counter investments are valued using observable inputs for similar instruments or prices from similar transactions and are classified as Level 2. Over-the-counter investments where significant unobservable inputs are used, such as financial pricing models, are classified as Level 3 investments.

Investments in private equity are valued using observable inputs, when available, and also include comparable market transactions, income and cost basis valuation techniques. The market approach includes using comparable market transactions or values. The income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Private equity investments are classified as Level 3 investments.

Investments in commingled funds are not publically traded, but the underlying assets held in these funds are traded in active markets and the prices for these assets are readily observable. Holdings in commingled funds are classified as Level 2 investments.

Hedge funds are based primarily on the net asset values and other financial information provided by management of the private investment funds. Hedge funds are classified as Level 2 if the plan is able to redeem the investment with the investee at net asset value as of the measurement date, or at a later date within a reasonable period of time. Hedge funds are classified as Level 3 if the investment cannot be redeemed at net asset value or it cannot be determined when the fund will be redeemed.

Investments in timber are valued primarily on valuations prepared by independent property appraisers. These appraisals are based on cash flow analysis, current market capitalization rates, recent comparable sales transactions, actual sales negotiations and bona fide purchase offers. Inputs include the species, age, volume and condition of timber stands growing on the land; the location, productivity, capacity and accessibility of the timber tracts; current and expected log prices; and current local prices for comparable investments. Timber investments are classified as Level 3 investments.

CONTRIBUTION AND BENEFIT PAYMENT EXPECTATIONS

In 2011, we expect to make contributions of $300 million-$400 million directly to pension plan assets and $1 million of discretionary contributions directly to the OPEB plan assets. The expected benefit payments for the pension benefit plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $168, $176, $178, $189, $193 and $1,016, respectively. The expected benefit payments for the OPEB plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $45, $48, $51, $53, $56 and $306, respectively. The expected benefit payments include benefit payments directly from plan assets and benefit payments directly from our assets. The benefit payment amounts reflect our net cost after any participant contributions and do not reflect reductions for expected prescription drug-related federal subsidies. The expected federal subsidies for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $4, $5, $5, $6, $6 and $43, respectively.

- In 2011, PEC expects to make contributions of $200 million-$250 million directly to pension plan assets. The expected benefit payments for the pension benefit plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $86, $90, $89, $95, $96 and $476, respectively. The expected benefit payments for the OPEB plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $20, $22, $24, $26, $27 and $152, respectively. The expected benefit payments include benefit payments directly from plan assets and benefit payments directly from PEC assets. The benefit payment amounts reflect the net cost to PEC after any participant contributions and do not reflect reductions for expected prescription drug-related federal subsidies. The expected federal subsidies for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $2, $2, $3, $3, $3 and $22, respectively.

In 2011, PEF expects to make contributions of $100 million-$150 million directly to pension plan assets and expects to make $1 million of discretionary contributions to OPEB plan assets. The expected benefit payments for the pension benefit plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $62, $65, $67, $69, $73 and $411, respectively. The expected benefit payments for the OPEB plan for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $22, $22, $23, $24, $25 and $132, respectively. The expected benefit payments include benefit payments directly from plan assets and benefit payments directly from PEF's assets. The benefit payment amounts reflect the net cost to PEF after any participant contributions and do not reflect reductions for expected prescription drug-related federal subsidies. The expected federal subsidies for 2011 through 2015 and in total for 2016 through 2020, in millions, are approximately $2, $2, $2, $3, $3 and $17, respectively.

The Patient Protection and Affordable Care Act (PPACA) and the related Health Care and Education Reconciliation Act, which made various amendments to the PPACA, were enacted in March 2010. The PPACA contains a provision that changes the tax treatment related to a federal subsidy available to sponsors of retiree health benefit plans that provide a prescription drug benefit that is at least actuarially equivalent to the benefits under Medicare Part D. The subsidy is known as the Retiree Drug Subsidy. Employers are not currently taxed on the Retiree Drug Subsidy payments they receive. However, as a result of the PPACA as amended, Retiree Drug Subsidy payments will effectively become taxable in tax years beginning after December 31, 2012, by requiring the amount of the subsidy received to be offset against the employer's deduction for health care expenses. Under GAAP, changes in tax law are accounted for in the period of enactment. Accordingly, an additional tax expense of $22 million for us, including $12 million for PEC and $10 million for PEF has been recognized during the year ended December 31, 2010.

B. FLORIDA PROGRESS ACQUISITION

During 2000, we completed our acquisition of Florida Progress. Florida Progress' pension and OPEB liabilities, assets and net periodic costs are reflected in the above information as appropriate. Certain of Florida Progress' nonbargaining unit benefit plans were merged with our benefit plans effective January 1, 2002.

PEF continues to recover qualified plan pension costs and OPEB costs in rates as if the acquisition had not occurred. The information presented in Note 16A is adjusted as appropriate to reflect PEF's rate treatment.

17. RISK MANAGEMENT ACTIVITIES AND DERIVATIVE TRANSACTIONS

We are exposed to various risks related to changes in market conditions. We have a risk management committee that includes senior executives from various business groups. The risk management committee is responsible for administering risk management policies and monitoring compliance with those policies by all subsidiaries. Under our risk policy, we may use a variety of instruments, including swaps, options and forward contracts, to manage exposure to fluctuations in commodity prices and interest rates. Such instruments contain credit risk if the counterparty fails to perform under the contract. We minimize such risk by performing credit and financial reviews using a combination of financial analysis and publicly available credit ratings of such counterparties. Potential nonperformance by counterparties is not expected to have a material effect on our financial position or results of operations.

See Note 13B for information about the fair value of derivatives.

A. COMMODITY DERIVATIVES

GENERAL

Most of our physical commodity contracts are not derivatives or qualify as normal purchases or sales. Therefore, such contracts are not recorded at fair value.

ECONOMIC DERIVATIVES

Derivative products, primarily natural gas and oil contracts, may be entered into from time to time for economic hedging purposes. While management believes the economic hedges mitigate exposures to fluctuations in commodity prices, these instruments are not designated as hedges for accounting purposes and are monitored consistent with trading positions.

The Utilities have financial derivative instruments with settlement dates through 2015 related to their exposure to price fluctuations on fuel oil and natural gas purchases. The majority of our financial hedge agreements will settle in 2011 and 2012. Substantially all of these instruments receive regulatory accounting treatment. Related unrealized gains and losses are recorded in regulatory liabilities and regulatory assets, respectively, on the Balance Sheets until the contracts are settled (See Note 7A). After settlement of the derivatives and the fuel is consumed, any realized gains or losses are passed through the fuel cost-recovery clause.

Certain hedge agreements may result in the receipt of, or posting of, derivative collateral with our counterparties, depending on the daily derivative position. Fluctuations in commodity prices that lead to our return of collateral received and/or our posting of collateral with our counterparties negatively impact our liquidity. We manage open positions with strict policies that limit our exposure to market risk and require daily reporting to management of potential financial exposures.

Certain counterparties have posted or held cash collateral in support of these instruments. Progress Energy had a cash collateral asset included in derivative collateral posted of $164 million and $146 million on the Progress Energy Consolidated Balance Sheets at December 31, 2010 and 2009, respectively. At December 31, 2010, Progress Energy had 259.9 million MMBtu notional of natural gas and 20.2 million gallons notional of oil related to outstanding commodity derivative swaps and options that were entered into to hedge forecasted natural gas and oil purchases.

PEC had a cash collateral asset included in prepayments and other current assets of $24 million and $7 million on the PEC Consolidated Balance Sheets at December 31, 2010 and 2009, respectively. At December 31, 2010, PEC had 64.0 million MMBtu notional of natural gas related to outstanding commodity derivative swaps that were entered into to hedge forecasted natural gas purchases.

PEF's cash collateral asset included in derivative collateral posted was $140 million and $139 million on the PEF Balance Sheets at December 31, 2010 and 2009, respectively. At December 31, 2010, PEF had 195.9 million MMBtu notional of natural gas and 20.2 million gallons notional of oil related to outstanding commodity derivative swaps and options that were entered into to hedge forecasted natural gas and oil purchases.

B. INTEREST RATE DERIVATIVES – FAIR VALUE OR CASH FLOW HEDGES

We use cash flow hedging strategies to reduce exposure to changes in cash flow due to fluctuating interest rates. We use fair value hedging strategies to reduce exposure to changes in fair value due to interest rate changes. Our cash flow hedging strategies are primarily accomplished through the use of forward starting swaps and our fair value hedging strategies are primarily accomplished through the use of fixed-to-floating swaps. The notional amounts of interest rate derivatives are not exchanged and do not represent exposure to credit loss. In the event of default by the counterparty, the exposure in these transactions is the cost of replacing the agreements at current market rates.

CASH FLOW HEDGES

At December 31, 2010, all open interest rate hedges will reach their mandatory termination dates within three years. At December 31, 2010, including amounts related to terminated hedges, we had $63 million of after-tax losses, including $33 million and $4 million of after-tax losses at PEC and PEF, respectively, recorded in accumulated other comprehensive income related to forward starting swaps. It is expected that in the next twelve months losses of $7 million, net of tax, primarily related to terminated hedges, will be reclassified to interest expense at Progress Energy, including $4 million at PEC. The actual amounts that will be reclassified to earnings may vary from the expected amounts as a result of changes in the timing of debt issuances at the Parent and the Utilities and changes in market value of currently open forward starting swaps.

At December 31, 2009, including amounts related to terminated hedges, we had $35 million of after-tax losses, including $27 million of after-tax losses at PEC and $3 million of after-tax gains at PEF, recorded in accumulated other comprehensive income related to forward starting swaps.

At December 31, 2008, including amounts related to terminated hedges, we had $56 million of after-tax losses, including $35 million of after-tax losses at PEC, recorded in accumulated other comprehensive income related to forward starting swaps.

At December 31, 2010, Progress Energy had $1.050 billion notional of open forward starting swaps, including $350 million at PEC and $200 million at PEF. During January 2011, Progress Energy terminated $300 million notional of forward starting swaps in conjunction with the issuance of debt (See Note 11A).

At December 31, 2009, Progress Energy had $325 million notional of open forward starting swaps, including $100 million at PEC and $75 million at PEF.

FAIR VALUE HEDGES

For interest rate fair value hedges, the change in the fair value of the hedging derivative is recorded in net interest charges and is offset by the change in the fair value of the hedged item. At December 31, 2010 and 2009, neither we nor the Utilities had any outstanding positions in such contracts.

C. CONTINGENT FEATURES

Certain of our commodity derivative instruments contain provisions defining fair value thresholds requiring the posting of collateral for hedges in a liability position greater than such threshold amounts. The thresholds are tiered and based on the individual company's credit rating with Moody's, S&P and Fitch Ratings (Fitch). Higher credit ratings have a higher threshold requiring a lower amount of the outstanding liability position to be covered by posted collateral. Conversely, lower credit ratings require a higher amount of the outstanding liability position to be covered by posted collateral. If our credit ratings were to be downgraded, we may have to post additional collateral on certain hedges in liability positions.

In addition, certain of our commodity derivative instruments contain provisions that require our debt to maintain an investment grade credit rating from Moody's, S&P and Fitch. If our debt were to fall below investment grade, we would be in violation of these provisions, and the counterparties to the commodity derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on commodity derivative instruments in net liability positions.

The aggregate fair value of all commodity derivative instruments at Progress Energy with credit risk-related contingent features that are in a net liability position at December 31, 2010, is $446 million, for which Progress Energy has posted collateral of $164 million in the normal course of business. If the credit risk-related contingent features underlying these agreements were triggered at December 31, 2010, Progress Energy would have been required to post an additional $282 million of collateral with its counterparties.

The aggregate fair value of all commodity derivative instruments at PEC with credit risk-related contingent features that are in a liability position at December 31, 2010 is $118 million, for which PEC has posted collateral of $24 million in the normal course of business. If the credit risk-related contingent features underlying these agreements were triggered at December 31, 2010, PEC would have been required to post an additional $94 million of collateral with its counterparties.

The aggregate fair value of all commodity derivative instruments at PEF with credit risk-related contingent features that are in a net liability position at December 31, 2010 is $328 million, for which PEF has posted collateral of $140 million in the normal course of business. If the credit risk-related contingent features underlying these agreements were triggered on December 31, 2010, PEF would have been required to post an additional $188 million of collateral with its counterparties.

D. DERIVATIVE INSTRUMENT AND HEDGING ACTIVITY INFORMATION

PROGRESS ENERGY

The following table presents the fair value of derivative instruments at December 31:

Instrument / Balance sheet location	2010		2009	
(in millions)	**Asset**	**Liability**	Asset	Liability
Derivatives designated as hedging instruments				
Interest rate derivatives				
Prepayments and other current assets	**$ 1**		$ 5	
Other assets and deferred debits	**3**		14	
Derivative liabilities, current		**$ 32**		$ -
Derivative liabilities, long-term		**7**		-
Total derivatives designated as hedging instruments	**4**	**39**	19	-
Derivatives not designated as hedging instruments				
Commodity derivatives[a]				
Prepayments and other current assets	**11**		11	
Other assets and deferred debits	**4**		9	
Derivative liabilities, current		**226**		189
Derivative liabilities, long-term		**268**		236
CVOs[b]				
Other liabilities and deferred credits		**15**		15
Fair value of derivatives not designated as hedging instruments	**15**	**509**	20	440
Fair value loss transition adjustment[c]				
Derivative liabilities, current		**1**		1
Derivative liabilities, long-term		**3**		4
Total derivatives not designated as hedging instruments	**15**	**513**	20	445
Total derivatives	**$ 19**	**$ 552**	$ 39	$ 445

(a) Substantially all of these contracts receive regulatory treatment.

(b) The Parent issued 98.6 million CVOs in connection with the acquisition of Florida Progress during 2000 (See Note 15).

(c) In 2003, PEC recorded a $38 million pre-tax ($23 million after-tax) fair value loss transition adjustment pursuant to the adoption of new accounting guidance for derivatives. The related liability is being amortized to earnings over the term of the related contracts.

The following tables present the effect of derivative instruments on the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Income for the years ended December 31:

Derivatives Designated as Hedging Instruments

Instrument (in millions)	Amount of Gain or (Loss) Recognized in OCI, Net of Tax on Derivatives[a]			Amount of Gain or (Loss), Net of Tax Reclassified from Accumulated OCI into Income[a]			Amount of Pre-tax Gain or (Loss) Recognized in Income on Derivatives[b]		
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Commodity cash flow derivatives	**$ -**	$ 1	$ (2)	**$ -**	$ -	$ -	**$ -**	$ -	$ -
Interest rate derivatives[c] [d]	**(34)**	15	(35)	**(6)**	(6)	(3)	**3**	(3)	1
Total	**$ (34)**	$ 16	$ (37)	**$ (6)**	$ (6)	$ (3)	**$ 3**	$ (3)	$ 1

[a] Effective portion.

[b] Related to ineffective portion and amount excluded from effectiveness testing.

[c] Amounts in accumulated OCI related to terminated hedges are reclassified to earnings as the interest expense is recorded. The effective portion of the hedges will be amortized to interest expense over the term of the related debt.

[d] Amounts recorded in the Consolidated Statements of Income are classified in interest charges.

Derivatives Not Designated as Hedging Instruments

Instrument (in millions)	Realized Gain or (Loss)[a]			Unrealized Gain or (Loss)[b]		
	2010	2009	2008	**2010**	2009	2008
Commodity derivatives[a]	**$ (324)**	$ (659)	$ 174	**$ (398)**	$ (387)	$ (653)

[a] After settlement of the derivatives and the fuel is consumed, gains or losses are passed through the fuel cost-recovery clause.

[b] Amounts are recorded in regulatory liabilities and assets, respectively, on the Consolidated Balance Sheets until derivatives are settled.

Instrument (in millions)	Amount of Gain or (Loss) Recognized in Income on Derivatives		
	2010	2009	2008
Commodity derivatives[a]	**$ -**	$ 1	$ (3)
Fair value loss transition adjustment[a]	**1**	2	$ 3
CVOs[a]	**-**	19	-
Total	**$ 1**	$ 22	$ -

[a] Amounts recorded in the Consolidated Statements of Income are classified in other, net.

PEC

The following table presents the fair value of derivative instruments at December 31:

Instrument / Balance sheet location	2010		2009	
(in millions)	**Asset**	**Liability**	Asset	Liability
Derivatives designated as hedging instruments				
Interest rate derivatives				
Other assets and deferred debits	$ 3		$ 8	
Derivative liabilities, current		$ 7		$ -
Other liabilities and deferred credits		4		-
Total derivatives designated as hedging instruments	3	11	8	-
Derivatives not designated as hedging instruments				
Commodity derivatives[a]				
Prepayments and other current assets	1		-	
Other assets and deferred debits	1		-	
Derivative liabilities, current		45		28
Other liabilities and deferred credits		78		62
Fair value of derivatives not designated as hedging instruments	2	123	-	90
Fair value loss transition adjustment[b]				
Derivative liabilities, current		1		1
Other liabilities and deferred credits		3		4
Total derivatives not designated as hedging instruments	2	127	-	95
Total derivatives	$ 5	$ 138	$ 8	$ 95

(a) Substantially all of these contracts receive regulatory treatment.

(b) In 2003, PEC recorded a $38 million pre-tax ($23 million after-tax) fair value loss transition adjustment pursuant to the adoption of new accounting guidance for derivatives. The related liability is being amortized to earnings over the term of the related contracts.

The following tables present the effect of derivative instruments on the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Income for the years ended December 31:

Derivatives Designated as Hedging Instruments

Instrument	Amount of Gain or (Loss) Recognized in OCI, Net of Tax on Derivatives[a]			Amount of Gain or (Loss), Net of Tax Reclassified from Accumulated OCI into Income[a]			Amount of Pre-tax Gain or (Loss) Recognized in Income on Derivatives[b]		
(in millions)	**2010**	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Commodity cash flow derivatives	$ -	$ -	$ (1)	$ -	$ -	$ -	$ -	$ -	$ -
Interest rate derivatives[c][d]	**(10)**	5	(25)	**(4)**	(3)	(1)	-	(2)	-
Total	$ **(10)**	$ 5	$ (26)	$ **(4)**	$ (3)	$ (1)	$ -	$ (2)	$ -

(a) Effective portion.

(b) Related to ineffective portion and amount excluded from effectiveness testing.

(c) Amounts in accumulated OCI related to terminated hedges are reclassified to earnings as the interest expense is recorded. The effective portion of the hedges will be amortized to interest expense over the term of the related debt.

(d) Amounts recorded in the Consolidated Statements of Income are classified in interest charges.

Derivatives Not Designated as Hedging Instruments						
Instrument	Realized Gain or (Loss)[a]			Unrealized Gain or (Loss)[b]		
(in millions)	**2010**	2009	2008	**2010**	2009	2008
Commodity derivatives	**$ (46)**	$ (76)	2	**$ (77)**	$ (68)	$ (110)

(a) After settlement of the derivatives and the fuel is consumed, gains or losses are passed through the fuel cost-recovery clause.

(b) Amounts are recorded in regulatory liabilities and assets, respectively, on the Consolidated Balance Sheets until derivatives are settled.

Instrument	Amount of Gain or (Loss) Recognized in Income on Derivatives		
(in millions)	**2010**	2009	2008
Commodity derivatives[a]	**$ -**	$ 1	$ (3)
Fair value loss transition adjustment[a]	**1**	2	$ 3
Total	**$ 1**	$ 3	$ -

(a) Amounts recorded in the Consolidated Statements of Income are classified in other, net.

PEF

The following table presents the fair value of derivative instruments at December 31:

Instrument / Balance sheet location	**2010**		2009	
(in millions)	**Asset**	**Liability**	Asset	Liability
Derivatives designated as hedging instruments				
Interest rate derivatives				
Prepayments and other current assets	$ -		$ 5	
Derivative liabilities, current		**$ 7**		$ -
Total derivatives designated as hedging instruments	**-**	**7**	5	-
Derivatives not designated as hedging instruments				
Commodity derivatives[a]				
Prepayments and other current assets	**10**		11	
Other assets and deferred debits	**3**		9	
Derivative liabilities, current		**181**		161
Derivative liabilities, long-term		**190**		174
Total derivatives not designated as hedging instruments	**13**	**371**	20	335
Total derivatives	**$ 13**	**$ 378**	$ 25	$ 335

(a) Substantially all of these contracts receive regulatory treatment.

The following tables present the effect of derivative instruments on the Statements of Comprehensive Income and the Statements of Income for the years ended December 31:

Derivatives Designated as Hedging Instruments

Instrument (in millions)	Amount of Gain or (Loss) Recognized in OCI, Net of Tax on Derivatives[a]			Amount of Gain or (Loss), Net of Tax Reclassified from Accumulated OCI into Income[a]			Amount of Pre-tax Gain or (Loss) Recognized in Income on Derivatives[b]		
	2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008
Commodity cash flow derivatives	$ -	$ 1	$ (1)	$ -	$ -	$ -	$ -	$ -	$ -
Interest rate derivatives[c] [d]	(7)	3	8	-	-	-	-	-	1
Total	$ (7)	$ 4	$ 7	$ -	$ -	$ -	$ -	$ -	$ 1

[a] Effective portion.

[b] Related to ineffective portion and amount excluded from effectiveness testing.

[c] Amounts in accumulated OCI related to terminated hedges are reclassified to earnings as the interest expense is recorded. The effective portion of the hedges will be amortized to interest expense over the term of the related debt.

[d] Amounts recorded in the Consolidated Statements of Income are classified in interest charges.

Derivatives Not Designated as Hedging Instruments

Instrument (in millions)	Realized Gain or (Loss)[a]			Unrealized Gain or (Loss)[b]		
	2010	2009	2008	**2010**	2009	2008
Commodity derivatives	$ **(278)**	$ (583)	$ 172	$ **(321)**	$ (319)	$ (543)

[a] After settlement of the derivatives and the fuel is consumed, gains or losses are passed through the fuel cost-recovery clause.

[b] Amounts are recorded in regulatory liabilities and assets, respectively, on the Balance Sheets until derivatives are settled.

18. RELATED PARTY TRANSACTIONS

As a part of normal business, we enter into various agreements providing financial or performance assurances to third parties. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. Our guarantees may include performance obligations under power supply agreements, transmission agreements, gas agreements, fuel procurement agreements, trading operations and cash management. Our guarantees also include standby letters of credit and surety bonds. At December 31, 2010, the Parent had issued $473 million of guarantees for future financial or performance assurance on behalf of its subsidiaries. This includes $300 million of guarantees of certain payments of two wholly owned indirect subsidiaries (See Note 23). We do not believe conditions are likely for significant performance under the guarantees of performance issued by or on behalf of affiliates. To the extent liabilities are incurred as a result of the activities covered by the guarantees, such liabilities are included on the Consolidated Balance Sheets.

Our subsidiaries provide and receive services, at cost, to and from the Parent and its subsidiaries, in accordance with agreements approved by the SEC pursuant to Section 13(b) of the Public Utility Holding Company Act of 1935. The repeal of the Public Utility Holding Company Act of 1935 effective February 8, 2006, and subsequent regulation by the FERC did not change our current intercompany services. Services include purchasing, human resources, accounting, legal, transmission and delivery support, engineering materials, contract support, loaned employees payroll costs, construction management and other centralized administrative, management and support services. The costs of the services are billed on a direct-charge basis, whenever possible, and on allocation factors for general costs that cannot be directly attributed. Billings from affiliates are capitalized or expensed depending on the nature

of the services rendered. Amounts receivable from and/or payable to affiliated companies for these services are included in receivables from affiliated companies and payables to affiliated companies on the Balance Sheets.

PESC provides the majority of the affiliated goods and services under the approved agreements. Goods and services provided by PESC during 2010, 2009 and 2008 to PEC amounted to $176 million, $170 million and $194 million, respectively, and services provided to PEF were $156 million, $147 million and $160 million, respectively. During 2010, PESC transferred a $24 million combustion turbine to PEC at cost (See Note 6).

PEC and PEF also provide and receive goods and services at cost. Goods and services provided by PEC to PEF during 2010, 2009 and 2008 amounted to $43 million, $36 million and $44 million, respectively. Goods and services provided by PEF to PEC during 2010, 2009 and 2008 amounted to $18 million, $12 million and $12 million, respectively.

PEC and PEF participate in an internal money pool, operated by Progress Energy, to more effectively utilize cash resources and to reduce outside short-term borrowings. The money pool is also used to settle intercompany balances. The weighted-average interest rate for the money pool was 0.30%, 0.74% and 3.29% for the years ended December 31, 2010, 2009 and 2008, respectively. Amounts payable to the money pool are included in notes payable to affiliated companies on the Balance Sheets. PEC and PEF recorded insignificant interest expense related to the money pool for all the years presented.

PEC and its wholly owned subsidiaries and PEF have entered into the Tax Agreement with the Parent (See Note 14).

19. FINANCIAL INFORMATION BY BUSINESS SEGMENT

Our reportable segments are PEC and PEF, both of which are primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina and in portions of Florida, respectively. These electric operations also distribute and sell electricity to other utilities, primarily on the east coast of the United States.

In addition to the reportable operating segments, the Corporate and Other segment includes the operations of the Parent and PESC and other miscellaneous nonregulated businesses that do not separately meet the quantitative thresholds for disclosure as separate reportable business segments.

Products and services are sold between the various reportable segments. All intersegment transactions are at cost.

In the following tables, capital and investment expenditures include property additions, acquisitions of nuclear fuel and other capital investments.

(in millions)	PEC	PEF	Corporate and Other	Eliminations	Total
At and for the year ended December 31, 2010					
Revenues					
Unaffiliated	$ 4,922	$ 5,252	$ 16	$ -	$ 10,190
Intersegment	-	2	248	(250)	-
Total revenues	4,922	5,254	264	(250)	10,190
Depreciation, amortization and accretion	479	426	15	-	920
Interest income	3	1	31	(28)	7
Total interest charges, net	186	258	331	(28)	747
Income tax expense (benefit)[a]	342	267	(87)	-	522
Ongoing Earnings (loss)	618	462	(191)	-	889
Total assets	14,899	14,056	21,110	(17,011)	33,054
Capital and investment expenditures	1,382	991	33	(24)	2,382
At and for the year ended December 31, 2009					
Revenues					
Unaffiliated	$ 4,627	$ 5,249	$ 9	$ -	$ 9,885
Intersegment	-	2	234	(236)	-
Total revenues	4,627	5,251	243	(236)	9,885
Depreciation, amortization and accretion	470	502	14	-	986
Interest income	5	4	38	(33)	14
Total interest charges, net	195	231	286	(33)	679
Income tax expense (benefit)[a]	295	209	(88)	-	416
Ongoing Earnings (loss)	540	460	(154)	-	846
Total assets	13,502	13,100	20,538	(15,904)	31,236
Capital and investment expenditures	962	1,532	21	(12)	2,503
At and for the year ended December 31, 2008					
Revenues					
Unaffiliated	$ 4,429	$ 4,730	$ 8	$ -	$ 9,167
Intersegment	-	1	361	(362)	-
Total revenues	4,429	4,731	369	(362)	9,167
Depreciation, amortization and accretion	518	306	15	-	839
Interest income	12	9	38	(35)	24
Total interest charges, net	207	208	259	(35)	639
Income tax expense (benefit)[a]	298	181	(87)	-	392
Ongoing Earnings (loss)	531	383	(138)	-	776
Total assets	13,165	12,471	17,483	(13,246)	29,873
Capital and investment expenditures	939	1,601	33	(13)	2,560

[a] Income tax expense (benefit) excludes the tax impact of Ongoing Earnings adjustments.

Management uses the non-GAAP financial measure "Ongoing Earnings" as a performance measure to evaluate the results of our segments and operations. Ongoing Earnings is computed as GAAP net income attributable to controlling interests after excluding discontinued operations and the effects of certain identified gains and charges, which are considered Ongoing Earnings adjustments. Some of the excluded gains and charges have occurred in more than one reporting period but are not considered representative of fundamental core earnings. Management has identified the following Ongoing Earnings adjustments: CVO mark-to-market adjustments because we are unable to predict changes in their fair value and the impact from changes in the tax treatment of the Medicare Part D subsidy because GAAP requires that the impact of the tax law change be accounted for in the period of enactment rather than the affected tax year. Additionally, management has determined that impairments, charges (and subsequent adjustments, if any) recognized for the retirement of generating units prior to the end of their estimated useful lives, cumulative prior period adjustments, net valuation allowances and operating results of discontinued operations are not representative of our ongoing operations and should be excluded in computing Ongoing Earnings.

Reconciliations of consolidated Ongoing Earnings to net income attributable to controlling interests for the years ended December 31 follow:

(in millions)	2010	2009	2008
Ongoing Earnings	$ 889	$ 846	$ 776
CVO mark-to-market (Note 15)	-	19	-
Impairment, net of tax benefit of $4 and $1	(6)	(2)	-
Plant retirement adjustment, net of tax benefit of $1 and $11	(1)	(17)	-
Change in tax treatment of the Medicare Part D subsidy (Note 16)	(22)	-	-
Cumulative prior period adjustment related to certain employee life insurance benefits, net of tax benefit of $7	-	(10)	-
Valuation allowance and related net operating loss carry forward	-	-	(3)
Continuing income attributable to noncontrolling interests, net of tax	7	4	5
Income from continuing operations	867	840	778
Discontinued operations, net of tax	(4)	(79)	58
Net income attributable to noncontrolling interests, net of tax	(7)	(4)	(6)
Net income attributable to controlling interests	$ 856	$ 757	$ 830

20. OTHER INCOME AND OTHER EXPENSE

Other income and expense includes interest income; AFUDC equity, which represents the estimated equity costs of capital funds necessary to finance the construction of new regulated assets; and other, net. The components of other, net as shown on the accompanying Statements of Income are presented below. Nonregulated energy and delivery services include power protection services and mass market programs such as surge protection, appliance services and area light sales, and delivery, transmission and substation work for other utilities.

PROGRESS ENERGY

(in millions)	2010	2009	2008
Nonregulated energy and delivery services income, net	$ 10	$ 17	$ 17
CVOs unrealized gain, net (Note 15)	-	19	-
Investment gains (losses), net	9	(9)	(13)
Donations	(23)	(20)	(25)
Other, net	4	(1)	4
Other, net	$ -	$ 6	$ (17)

PEC

(in millions)	2010	2009	2008
Nonregulated energy and delivery services income, net	$ -	$ 6	$ 11
Investment gains (losses), net	2	(21)	-
Donations	(9)	(10)	(14)
Other, net	7	7	7
Other, net	$ -	$ (18)	$ 4

PEF

(in millions)	2010	2009	2008
Nonregulated energy and delivery services income, net	$ 11	$ 11	$ 8
Donations	(13)	(10)	(11)
Investment gains, net	4	7	(9)
Other, net	(3)	(3)	2
Other, net	$ (1)	$ 5	$ (10)

21. ENVIRONMENTAL MATTERS

We are subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. We believe that we are in substantial compliance with those environmental regulations currently applicable to our business and operations and believe we have all necessary permits to conduct such operations. Environmental laws and regulations frequently change and the ultimate costs of compliance cannot always be precisely estimated.

A. HAZARDOUS AND SOLID WASTE

The provisions of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), authorize the United States Environmental Protection Agency (EPA) to require the cleanup of hazardous waste sites. This statute imposes retroactive joint and several liabilities. Some states, including North Carolina, South Carolina and Florida, have similar types of statutes. We are periodically notified by regulators, including the EPA and various state agencies, of our involvement or potential involvement in sites that may require investigation and/or remediation. There are presently several sites with respect to which we have been notified of our potential liability by the EPA, the state of North Carolina, the state of Florida, or potentially responsible party (PRP) groups as described below in greater detail. Various organic materials associated with the production of manufactured gas, generally referred to as coal tar, are regulated under federal and state laws. PEC and PEF are each PRPs at several manufactured gas plant (MGP) sites. We are also currently in the process of assessing potential costs and exposures at other sites. These costs are eligible for regulatory recovery through either base rates or cost-recovery clauses (See Note 7). Both PEC and PEF evaluate potential claims against other PRPs and insurance carriers and plan to submit claims for cost recovery where appropriate. The outcome of potential and pending claims cannot be predicted. A discussion of sites by legal entity follows.

The EPA and a number of states are considering additional regulatory measures that may affect management, treatment, marketing and disposal of coal combustion residues, primarily ash, from each of the Utilities' coal-fired plants. Revised or new laws or regulations under consideration may impose changes in solid waste classifications or groundwater protection environmental controls. On June 21, 2010, the EPA proposed two options for new rules to regulate coal combustion residues. The first option would create a comprehensive program of federally enforceable requirements for coal combustion residues management and disposal as hazardous waste. The other option would have the EPA set performance standards for coal combustion residues management facilities and regulate disposal of coal combustion residues as nonhazardous waste. The EPA did not identify a preferred option. Under both options, the EPA may leave in place a regulatory exemption for approved beneficial uses of coal combustion residues that are recycled. A final rule is expected in late 2011 or 2012. Compliance plans and estimated costs to meet the requirements of new regulations will be determined when any new regulations are finalized. We are also evaluating the effect on groundwater quality from past and current operations, which may result in operational changes and

additional measures under existing regulations. These issues are also under evaluation by state agencies. Certain regulated chemicals have been measured in wells near our ash ponds at levels above groundwater quality standards. Additional monitoring and investigation will be conducted. Detailed plans and cost estimates will be determined if these evaluations reveal that corrective actions are necessary. We cannot predict the outcome of this matter.

We measure our liability for environmental sites based on available evidence, including our experience in investigating and remediating environmentally impaired sites. The process often involves assessing and developing cost-sharing arrangements with other PRPs. For all sites, as assessments are developed and analyzed, we will accrue costs for the sites in O&M on the Income Statements to the extent our liability is probable and the costs can be reasonably estimated. Because the extent of environmental impact, allocation among PRPs for all sites, remediation alternatives (which could involve either minimal or significant efforts), and concurrence of the regulatory authorities have not yet reached the stage where a reasonable estimate of the remediation costs can be made, we cannot determine the total costs that may be incurred in connection with the remediation of all sites at this time. It is probable that current estimates will change and additional losses, which could be material, may be incurred in the future.

The following tables contain information about accruals for probable and estimable costs related to various environmental sites, which were included in other current liabilities and other liabilities and deferred credits on the Balance Sheets:

PROGRESS ENERGY

(in millions)	MGP and Other Sites	Remediation of Distribution and Substation Transformers	Total
Balance, December 31, 2009	**$ 22**	**$ 20**	**$ 42**
Amount accrued for environmental loss contingencies[a]	**8**	**13**	**21**
Expenditures for environmental loss contingencies[a]	**(10)**	**(18)**	**(28)**
Balance, December 31, 2010[b]	**$ 20**	**$ 15**	**$ 35**
Balance, December 31, 2008	$ 31	$ 22	$ 53
Amount accrued for environmental loss contingencies[a]	3	13	16
Expenditures for environmental loss contingencies[a]	(12)	(15)	(27)
Balance, December 31, 2009[b]	$ 22	$ 20	$ 42

[a] Amounts accrued and expenditures are for the years ended December 31. For the year ended December 31, 2008, we accrued $8 million for the remediation of MGP and other sites and $17 million for the remediation of distribution and substation transformers. For the year ended December 31, 2008, we spent $8 million for the remediation of MGP and other sites and $28 million for the remediation of distribution and substation transformers.

[b] Expected to be paid out over one to 15 years.

PEC

(in millions)	MGP and Other Sites
Balance, December 31, 2009	**$ 13**
Amount accrued for environmental loss contingencies[a]	**3**
Expenditures for environmental loss contingencies[a]	**(4)**
Balance, December 31, 2010[b]	**$ 12**
Balance, December 31, 2008	$ 16
Amount accrued for environmental loss contingencies[a]	3
Expenditures for environmental loss contingencies[a]	(6)
Balance, December 31, 2009[b]	$ 13

[a] Amounts accrued and expenditures are for the years ended December 31. For the year ended December 31, 2008, PEC accrued and spent approximately $8 million.

[b] Expected to be paid out over one to five years.

PEF

(in millions)	MGP and Other Sites	Remediation of Distribution and Substation Transformers	Total
Balance, December 31, 2009	**$ 9**	**$ 20**	**$ 29**
Amount accrued for environmental loss contingencies[a]	**5**	**13**	**18**
Expenditures for environmental loss contingencies[a]	**(6)**	**(18)**	**(24)**
Balance, December 31, 2010[b]	**$ 8**	**$ 15**	**$ 23**
Balance, December 31, 2008	$ 15	$ 22	$ 37
Amount accrued for environmental loss contingencies[a]	-	13	13
Expenditures for environmental loss contingencies[a]	(6)	(15)	(21)
Balance, December 31, 2009[b]	$ 9	$ 20	$ 29

[a] Amounts accrued and expenditures are for the years ended December 31. For the year ended December 31, 2008, PEF accrued approximately $17 million and spent approximately $28 million, which primarily related to distribution and substation transformers.

[b] Expected to be paid out over one to 15 years.

PROGRESS ENERGY

In addition to the Utilities' sites discussed under "PEC" and "PEF" below, we incurred indemnity obligations related to certain pre-closing liabilities of divested subsidiaries, including certain environmental matters (See discussion under Guarantees in Note 22C).

PEC

PEC has recorded a minimum estimated total remediation cost for all of its remaining MGP sites based upon its historical experience with remediation of several of its MGP sites. The maximum amount of the range for all the sites cannot be determined at this time. Actual experience may differ from current estimates, and it is probable that estimates will continue to change in the future.

In 2004, the EPA advised PEC that it had been identified as a PRP at the Ward Transformer site located in Raleigh, N.C. (Ward) site. The EPA offered PEC and a number of other PRPs the opportunity to negotiate the removal action for the Ward site and reimbursement to the EPA for the EPA's past expenditures in addressing conditions at the Ward site. Subsequently, PEC and other PRPs signed a settlement agreement, which requires the participating PRPs to remediate the Ward site. At December 31, 2010 and December 31, 2009, PEC's recorded liability for the site was approximately $5 million and $4 million, respectively. In 2008 and 2009, PEC filed civil actions against PRPs

seeking contribution for and recovery of costs incurred in remediating the Ward site, as well as a declaratory judgment that defendants are jointly and severally liable for response costs at the site. PEC has settled with a number of the PRPs and is in active settlement negotiations with others. On March 24, 2010, the federal district court in which this matter is pending denied motions to dismiss filed by a number of defendants, but granted several other motions filed by state agencies and successor entities. The court also set a trial date for May 7, 2012. On June 15, 2010, the court entered a case management order and discovery is proceeding. The outcome of these matters cannot be predicted.

In 2008, the EPA issued a Record of Decision for the operable unit for stream segments downstream from the Ward site (Ward OU1) and advised 61 parties, including PEC, of their identification as PRPs for Ward OU1 and for the operable unit for further investigation at the Ward facility and certain adjacent areas (Ward OU2). The EPA's estimate for the selected remedy for Ward OU1 is approximately $6 million. The EPA offered PEC and the other PRPs the opportunity to negotiate implementation of a response action for Ward OU1 and a remedial investigation and feasibility study for Ward OU2, as well as reimbursement to the EPA of approximately $1 million for the EPA's past expenditures in addressing conditions at the site. In 2009, PEC and several of the other participating PRPs at the Ward site submitted a letter containing a good faith response to the EPA's special notice letter. Another group of PRPs separately submitted a good faith response, which the EPA advised would be used to negotiate implementation of the required actions. The other PRPs' good faith response was subsequently withdrawn. Discussions among representatives of certain PRPs, including PEC, and the EPA are ongoing. Although a loss is considered probable, an agreement among the PRPs for these matters has not been reached; consequently, it is not possible at this time to reasonably estimate the total amount of PEC's obligation, if any, for Ward OU1 and Ward OU2.

PEF

The accruals for PEF's MGP and other sites relate to two former MGP sites and other sites associated with PEF that have required, or are anticipated to require, investigation and/or remediation. The maximum amount of the range for all the sites cannot be determined at this time. Actual experience may differ from current estimates, and it is probable that estimates will continue to change in the future.

PEF has received approval from the FPSC for recovery through the ECRC of the majority of costs associated with the remediation of distribution and substation transformers. Under agreements with the Florida Department of Environmental Protection (FDEP), PEF has reviewed all distribution transformer sites and all substation sites for mineral oil-impacted soil caused by equipment integrity issues. Should additional distribution transformer sites be identified outside of this population, the distribution O&M costs will not be recoverable through the ECRC. At December 31, 2010 and December 31, 2009, PEF has recorded a regulatory asset for the probable recovery of costs through the ECRC related to the sites included under the agreement with the FDEP.

B. AIR AND WATER QUALITY

At December 31, 2010 and 2009, we were subject to various current federal, state and local environmental compliance laws and regulations governing air and water quality, resulting in capital expenditures and increased O&M expenses. These compliance laws and regulations included the Clean Air Interstate Rule (CAIR), the Clean Air Visibility Rule (CAVR), the North Carolina Clean Smokestacks Act, enacted in June 2002 (Clean Smokestacks Act) and mercury regulation. PEC's environmental compliance projects under the first phase of Clean Smokestacks Act emission reductions have been placed in service. PEF's CAIR projects have been placed in service.

In 2008, the U.S. Court of Appeals for the District of Columbia (D.C. Court of Appeals) initially vacated the CAIR in its entirety and subsequently remanded the rule without vacating it for the EPA to conduct further proceedings consistent with the court's prior opinion. On August 2, 2010, the EPA published the proposed Transport Rule, which is the regulatory program that will replace the CAIR when finalized. The proposed Transport Rule contains new emissions trading programs for nitrogen oxides (NOx) and sulfur dioxide (SO_2) emissions as well as more stringent overall emissions targets. The EPA plans to finalize the Transport Rule in the spring of 2011. Due to significant investments in NOx and SO_2 emissions controls and fleet modernization projects completed or under way, we believe both PEC and PEF are well positioned to comply with the Transport Rule. The outcome of the EPA's rulemaking cannot be predicted. Because of the D.C. Court of Appeals' decision that remanded the CAIR, the current implementation of the CAIR continues to fulfill best available retrofit technology (BART) for NOx and SO_2

for BART-affected units under the CAVR. Should this determination change as the Transport Rule is promulgated, CAVR compliance eventually may require consideration of NOx and SO_2 emissions in addition to particulate matter emissions for BART-eligible units.

In 2008, the D.C. Court of Appeals vacated the CAMR. As a result, the EPA subsequently announced that it will develop a maximum achievable control technology (MACT) standard. The United States District Court for the District of Columbia has issued an order requiring the EPA to issue a final MACT standard for power plants by November 16, 2011. In addition, North Carolina adopted a state-specific requirement. The North Carolina mercury rule contains a requirement that all coal-fired units in the state install mercury controls by December 31, 2017, and requires compliance plan applications to be submitted in 2013. We are currently evaluating the impact of these decisions. The outcome of this matter cannot be predicted.

To date, expenditures at PEF for CAIR regulation primarily relate to environmental compliance projects at Crystal River Units No. 4 and No. 5 (CR4 and CR5). The CR4 project was placed in service in May 2010 and the CR5 project was placed in service in December 2009. Under an agreement with the FDEP, PEF will retire Crystal River Units No. 1 and No. 2 (CR1 and CR2) as coal-fired units and operate emission control equipment at CR4 and CR5. CR1 and CR2 will be retired after the second proposed nuclear unit at Levy completes its first fuel cycle, which was originally anticipated to be around 2020. As discussed in Note 7C, PEF identified in its 2010 nuclear cost-recovery filing regulatory and economic conditions causing schedule shifts such that major construction activities are being postponed until after the NRC issues the Levy COL. As required, PEF has advised the FDEP of these developments that will delay the retirement of CR1 and CR2 beyond the originally anticipated date. We are currently evaluating the impacts of the Levy schedule on PEF's compliance with environmental regulations. We cannot predict the outcome of this matter.

The EPA is continuing to record allowance allocations under the CAIR NOx trading program, in some cases for years beyond the estimated 2011 finalization of the Transport Rule. The EPA's continued recording of CAIR NOx allowance allocations does not guarantee that allowances will continue to be usable for compliance after a replacement rule is finalized or that they will continue to have value in the future. SO_2 emission allowances will be utilized to comply with existing Clean Air Act requirements. PEF's CAIR expenses, including NOx allowance inventory expense, are recoverable through the ECRC. At December 31, 2010 and 2009, PEC had approximately $8 million and $13 million, respectively, in SO_2 emission allowances and an immaterial amount of NOx emission allowances. At December 31, 2010 and 2009, PEF had approximately $5 million and $7 million, respectively, in SO_2 emission allowances and approximately $28 million and $36 million, respectively, in NOx emission allowances.

22. COMMITMENTS AND CONTINGENCIES

A. PURCHASE OBLIGATIONS

In most cases, our purchase obligation contracts contain provisions for price adjustments, minimum purchase levels and other financial commitments. The commitment amounts presented below are estimates and therefore will likely differ from actual purchase amounts. At December 31, 2010, the following tables reflect contractual cash obligations and other commercial commitments in the respective periods in which they are due:

Progress Energy

(in millions)	2011	2012	2013	2014	2015	Thereafter	Total
Fuel[a]	$ 2,407	$ 2,365	$ 1,985	$ 1,441	$ 1,224	$ 6,719	$ 16,141
Purchased power	475	457	440	382	389	3,461	5,604
Construction obligations[a]	507	230	122	51	55	14	979
Other purchase obligations	122	72	66	41	69	697	1,067
Total	$ 3,511	$ 3,124	$ 2,613	$ 1,915	$ 1,737	$ 10,891	$ 23,791

PEC

(in millions)	2011	2012	2013	2014	2015	Thereafter	Total
Fuel	$ 1,269	$ 1,202	$ 1,130	$ 846	$ 816	$ 2,764	$ 8,027
Purchased power	98	80	73	68	69	427	815
Construction obligations	450	199	75	8	-	-	732
Other purchase obligations	39	25	15	19	39	303	440
Total	$ 1,856	$ 1,506	$ 1,293	$ 941	$ 924	$ 3,494	$ 10,014

PEF

(in millions)	2011	2012	2013	2014	2015	Thereafter	Total
Fuel[(a)]	$ 1,138	$ 1,163	$ 855	$ 595	$ 408	$ 3,955	$ 8,114
Purchased power	377	377	367	314	320	3,034	4,789
Construction obligations[(a)]	57	31	47	43	55	14	247
Other purchase obligations	59	39	48	22	30	394	592
Total	$ 1,631	$ 1,610	$ 1,317	$ 974	$ 813	$ 7,397	$ 13,742

(a) PEF signed an engineering, procurement and construction (EPC) agreement on December 31, 2008, with Westinghouse Electric Company LLC and Stone & Webster, Inc. for two approximately 1,100-MW Westinghouse AP1000 nuclear units planned for construction at Levy. Due to uncertainty regarding the ultimate magnitude and timing of obligations under the EPC agreement and the Levy nuclear fabrication contract, the table includes only the obligations related to the selected components of long lead time equipment as discussed under "Fuel and Purchased Power" and "Construction Obligations."

FUEL AND PURCHASED POWER

Through our subsidiaries, we have entered into various long-term contracts for coal, oil, gas and nuclear fuel as well as transportation agreements for the related fuel. Our purchases under these commitments were $2.890 billion, $2.921 billion and $3.078 billion for 2010, 2009 and 2008, respectively. PEC's total purchases under these commitments for its generating plants were $1.489 billion, $1.527 billion and $1.446 billion in 2010, 2009 and 2008, respectively. PEF's purchases totaled $1.401 billion, $1.394 billion and $1.632 billion in 2010, 2009 and 2008, respectively. Essentially all fuel and certain purchased power costs incurred by PEC and PEF are eligible for recovery through their respective cost-recovery clauses.

In December 2008, PEF entered into a nuclear fuel fabrication contract for the planned Levy nuclear units. The construction schedule and startup dates were subsequently revised. (See discussion following under "Construction Obligations.") This approximately $400 million contract (for fuel plus related core components), which is excluded from the previous table, is for the period from 2019 through 2033, and contains exit provisions with termination fees that vary based on the circumstance.

Both PEC and PEF have ongoing purchased power contracts, including renewable energy contracts, with certain co-generators, primarily qualified facilities (QFs), with expiration dates ranging from 2011 to 2030. These purchased power contracts generally provide for capacity and energy payments or bundled capacity and energy payments.

PEC executed two long-term tolling agreements for the purchase of all of the power generated from Broad River LLC's Broad River facility. One agreement provides for the purchase of approximately 500 MW of capacity through May 2021 with average minimum annual payments of approximately $24 million, primarily representing capital-related capacity costs. The second agreement provides for the additional purchase of approximately 335 MW of capacity through February 2022 with average annual payments of approximately $24 million representing capital-related capacity costs. Total purchases for both capacity and energy under the Broad River LLC's Broad River facility agreements amounted to $115 million, $46 million and $44 million in 2010, 2009 and 2008, respectively.

In 2007, PEC executed long-term agreements for the purchase of power from Southern Power Company. The agreements provide for firm unit capacity and energy purchases of 305 MW (68 percent of net output) for 2010, 310 MW (30 percent of net output) for 2011 and 150 MW (33 percent of net output) annually thereafter through 2019. Estimated payments for capacity under the agreements are approximately $25 million for 2011 and $12 million

annually thereafter through 2019. Total purchases for both capacity and energy under the agreements were $92 million in 2010.

PEC has various pay-for-performance contracts with QFs, including renewable energy, for approximately 31 MW of firm capacity expiring at various times through 2030. In most cases, these contracts account for 100 percent of the net generating capacity of each of the facilities. Payments for both capacity and energy are contingent upon the QFs' ability to generate. Payments made under these contracts were $8 million, $24 million and $55 million in 2010, 2009 and 2008, respectively.

PEF has firm contracts for approximately 657 MW of purchased power with other utilities, including a contract with Southern Company for approximately 424 MW (25 percent of net output) of purchased power annually, which started in 2010 and extends into 2016. A contract with Southern Company for approximately 414 MW (12 percent of net output) of purchased power ended in 2010. Total purchases, for both energy and capacity, under agreements with other utilities amounted to $189 million, $149 million and $178 million for 2010, 2009 and 2008, respectively. Minimum purchases under these contracts, representing capital-related capacity costs, are approximately $64 million, $53 million, $46 million, $65 million and $65 million for 2011 through 2015, respectively, and $24 million payable thereafter.

PEF has ongoing purchased power contracts with certain QFs for 682 MW of firm capacity with expiration dates ranging from 2011 to 2025. Energy payments are based on the actual power taken under these contracts. Capacity payments are subject to the QFs meeting certain contract performance obligations. In most cases, these contracts account for 100 percent of the net generating capacity of each of the facilities. All ongoing commitments have been approved by the FPSC. Total capacity and energy payments made under these contracts amounted to $469 million, $435 million and $440 million for 2010, 2009 and 2008, respectively. Minimum expected future capacity payments under these contracts are $300 million, $313 million, $309 million, $238 million and $244 million for 2011 through 2015, respectively, and $3.006 billion payable thereafter. The FPSC allows the capacity payments to be recovered through a capacity cost-recovery clause, which is similar to, and works in conjunction with, energy payments recovered through the fuel cost-recovery clause.

In 2009, PEC executed a long-term coal transportation agreement by combining, amending and restating previous agreements with Norfolk Southern Railroad. This agreement will support PEC's coal supply needs through June 2020. Expected future transportation payments under this agreement are $223 million, $235 million, $224 million, $213 million and $218 million for 2011 through 2015, respectively, with approximately $1.322 billion payable thereafter. Coal transportation expenses under these agreements were approximately $231 million and $283 million for 2010 and 2009, respectively. PEC's state utility commissions allow fuel-related costs to be recovered through fuel cost-recovery clauses.

PEC has entered into conditional agreements for firm pipeline transportation capacity to support PEC's gas supply needs. Certain agreements are for the period from May 2011 through May 2033. The estimated total cost to PEC associated with these agreements is approximately $2.042 billion, approximately $426 million of which will be classified as a capital lease. Due to the conditions of the capital lease agreement, the capital lease will not be recorded on PEC's balance sheet until approximately 2012. The transactions are subject to several conditions precedent, including various state regulatory approvals, the completion and commencement of operation of necessary related interstate and intrastate natural gas pipeline system expansions and other contractual provisions. Due to the conditions of these agreements, the estimated costs associated with these agreements are not currently included in PEC's fuel commitments or in PEC's capital lease assets or obligations.

In April 2008, (and as amended in February 2009), PEF entered into a conditional contract with a pipeline entity for firm pipeline transportation capacity to support PEF's gas supply needs for the period from April 2011 through March 2036. The total cost to PEF associated with this agreement is estimated to be approximately $890 million. In addition to this contract, PEF has entered into additional gas transportation arrangements for the period from 2011 through 2036. The total current notional cost of these additional agreements is estimated to be approximately $281 million. All of these contracts are subject to conditions precedent, including the completion and commencement of operation of necessary related interstate natural gas pipeline system expansions. Due to the conditions of these agreements, the estimated costs associated with these agreements are not currently included in PEF's fuel commitments.

CONSTRUCTION OBLIGATIONS

We have purchase obligations related to various capital construction projects. Our total payments under these contracts were $703 million, $818 million and $1.018 billion for 2010, 2009 and 2008, respectively.

PEC has purchase obligations related to various capital projects including new generation and transmission obligations. Total payments under PEC's construction-related contracts were $555 million, $199 million and $140 million for 2010, 2009 and 2008, respectively. Payments for 2010 primarily relate to construction of generating facilities at our sites in Richmond County, N.C., Wayne County, N.C., and New Hanover County, N.C., as discussed in Note 7B.

PEF made payments of $63 million, $243 million and $117 million for 2010, 2009 and 2008, respectively, toward long lead equipment and engineering related to the Levy EPC. Additionally, PEF has other construction obligations related to various capital projects including new generation, transmission and environmental compliance. Total payments under PEF's other construction-related contracts were $84 million, $376 million and $761 million for 2010, 2009 and 2008, respectively.

The future construction obligations presented in the previous tables for Progress Energy and PEF exclude the EPC agreement. The EPC agreement includes provisions for termination. For termination without cause, the EPC agreement contains exit provisions with termination fees, which may be significant, that vary based on the termination circumstances. As discussed in Note 7C in PEF's 2010 nuclear cost-recovery filing, PEF identified a schedule shift in the Levy project that resulted from the NRC's 2009 determination that certain schedule-critical work that PEF had proposed to perform within the scope of its Limited Work Authorization request submitted with the combined license (COL) application will not be authorized until the NRC issues the COL. Consequently, excavation and foundation preparation work anticipated in the initial schedule cannot begin until the COL is issued, resulting in a project shift of at least 20 months. Since then, regulatory and economic conditions identified in the 2010 nuclear cost-recovery filing have changed such that major construction activities on the Levy project are being postponed until after the NRC issues the COL, expected in 2013 if the current licensing schedule remains on track. We executed an amendment to the EPC agreement in 2010 due to the schedule shifts. Prior to the amendment, estimated payments and associated escalations were $8.608 billion for the multi-year contract and did not assume any joint ownership. Because we have executed an amendment to the EPC agreement and anticipate negotiating additional amendments upon receipt of the COL, we cannot currently predict the timing of when those obligations will be satisfied or the magnitude of any change. Additionally, in light of the schedule shifts in the Levy nuclear project, PEF may incur fees and charges related to the disposition of outstanding purchase orders on long lead time equipment for the Levy nuclear project, which could be material. In June 2010, PEF completed its long lead time equipment disposition analysis to minimize the impact associated with the schedule shift. As a result of the analysis, PEF will continue with selected components of the long lead time equipment. Work has been suspended on the remaining long lead time equipment items, which have total remaining estimated payments and associated escalations of approximately $1.250 billion included in the previously discussed $8.608 billion. PEF has been in suspension negotiations with the selected equipment vendors, which we anticipate concluding by the end of the first quarter of 2011. In its April 30, 2010 nuclear cost-recovery filing, PEF included for rate-making purposes a point estimate of potential Levy disposition fees and charges of $50 million, subject to true-up. However, the amount of disposition fees and charges, if any, cannot be determined until suspension negotiations are completed. We cannot predict the outcome of this matter.

OTHER PURCHASE OBLIGATIONS

We have various other contractual obligations primarily related to PESC service contracts for operational services, PEC service agreements related to its Richmond County, N.C., Wayne County, N.C., and New Hanover County, N.C., generating facilities, and PEF service agreements related to the Hines Energy Complex and the Bartow Plant. Our payments under these agreements were $124 million, $56 million and $110 million for 2010, 2009 and 2008, respectively.

PEC has various other purchase obligations, including obligations for parts and equipment, limestone supply and fleet vehicles. Total purchases under these contracts were $55 million, $14 million and $18 million for 2010, 2009 and 2008, respectively.

On October 1, 2010, PEC entered into long-term service agreements for its Richmond County, N.C., Wayne County, N.C., and New Hanover County, N.C., generating facilities, covering projected maintenance events for each facility through 2033, 2028 and 2029, respectively. The total cost to PEC associated with these agreements is estimated to be approximately $379 million over the term of the agreements. Expected future payments under these agreements are $6 million, $7 million, $11 million, $16 million and $36 million for 2011 through 2015, respectively, with approximately $303 million payable thereafter. Total purchases under these agreements were not material for 2010.

Among PEF's other purchase obligations, PEF has long-term service agreements for the Hines Energy Complex and the Bartow Plant, emission obligations and fleet vehicles. Total payments under these contracts were $35 million, $22 million and $58 million for 2010, 2009 and 2008, respectively. Future obligations are primarily comprised of the long-term service agreements.

B. LEASES

We lease office buildings, computer equipment, vehicles, railcars and other property and equipment with various terms and expiration dates. Some rental payments for transportation equipment include minimum rentals plus contingent rentals based on mileage. These contingent rentals are not significant. Our rent expense under operating leases totaled $39 million, $37 million and $38 million for 2010, 2009 and 2008, respectively. Our purchased power expense under agreements classified as operating leases was approximately $61 million, $11 million and $152 million in 2010, 2009 and 2008, respectively.

PEC's rent expense under operating leases totaled $25 million, $26 million and $26 million during 2010, 2009 and 2008, respectively. These amounts include rent expense allocated from PESC to PEC of $5 million in 2010, 2009 and 2008. Purchased power expense under agreements classified as operating leases was approximately $38 million, $11 million and $9 million in 2010, 2009 and 2008, respectively.

PEF's rent expense under operating leases totaled $14 million, $11 million and $11 million during 2010, 2009 and 2008, respectively. These amounts include rent expense allocated from PESC to PEF of $3 million in 2010, 2009 and 2008. Purchased power expense under agreements classified as operating leases was approximately $23 million and $142 million in 2010 and 2008, respectively. PEF had no purchased power expense under operating lease agreements for 2009.

Assets recorded under capital leases, including plant related to purchased power agreements, at December 31 consisted of:

	Progress Energy		PEC		PEF	
(in millions)	**2010**	2009	**2010**	2009	**2010**	2009
Buildings	$ **267**	$ 267	$ **30**	$ 30	$ **237**	$ 237
Less: Accumulated amortization	**(46)**	(37)	**(17)**	(15)	**(29)**	(22)
Total	$ **221**	$ 230	$ **13**	$ 15	$ **208**	$ 215

Consistent with the ratemaking treatment for capital leases, capital lease expenses are charged to the same accounts that would be used if the leases were operating leases. Thus, our and the Utilities' capital lease expense is generally included in O&M or purchased power expense. Our capital lease expense totaled $25 million, $26 million and $26 million for 2010, 2009 and 2008, respectively, which was primarily comprised of PEF's capital lease expense of $23 million, $24 million and $24 million for 2010, 2009 and 2008, respectively.

At December 31, 2010, minimum annual payments, excluding executory costs such as property taxes, insurance and maintenance, under long-term noncancelable operating and capital leases were:

	Progress Energy		PEC		PEF	
(in millions)	Capital	Operating	Capital	Operating	Capital	Operating
2011	$ 28	$ 37	$ 2	$ 23	$ 26	$ 10
2012	28	55	2	22	26	30
2013	36	80	10	43	26	35
2014	26	78	-	42	26	34
2015	25	77	-	43	25	33
Thereafter	227	866	6	515	221	350
Minimum annual payments	370	1,193	20	688	350	492
Less amount representing imputed interest	(149)		(7)		(142)	
Total	$ 221	$ 1,193	$ 13	$ 688	$ 208	$ 492

In 2003, we entered into an operating lease for a building for which minimum annual rental payments are approximately $7 million. The lease term expires July 2035 and provides for no rental payments during the last 15 years of the lease, during which period $53 million of rental expense will be recorded in the Consolidated Statements of Income.

In 2008, PEC entered into a 336-MW (100 percent of net output) tolling purchased power agreement, which is classified as an operating lease. The agreement calls for an approximately $18 million initial minimum payment with minimum annual payments from 2013 through 2032 escalating at a rate of 2.5 percent, for a total of approximately $460 million.

In 2009, PEC entered into a 240-MW (100 percent of net output) tolling purchased power agreement, which is classified as an operating lease. The agreement calls for minimum annual payments of approximately $10 million from July 2012 through September 2017, for a total of approximately $52 million.

In 2007, PEF entered into a 632-MW (100 percent of net output) tolling purchased power agreement, which is classified as an operating lease. The agreement calls for minimum annual payments of approximately $28 million from June 2012 through May 2027, for a total of approximately $420 million.

In 2005, PEF entered into an agreement for a capital lease for a building completed during 2006. The lease term expires March 2047 and provides for minimum annual payments from 2007 through 2026 and no payments from 2027 through 2047. The minimum annual payments are approximately $5 million, for a total of approximately $103 million. During the last 20 years of the lease, approximately $51 million of rental expense will be recorded in the Statements of Income.

In 2006, PEF extended the terms of a 517-MW (100 percent of net output) tolling agreement for purchased power, which is classified as a capital lease of the related plant, for an additional 10 years. The agreement calls for minimum annual payments of approximately $21 million from April 2007 through April 2024, for a total of approximately $348 million.

The Utilities are lessors of electric poles, streetlights and other facilities. PEC's minimum rentals receivable under noncancelable leases were $11 million for 2011 and none thereafter. PEC's rents received are contingent upon usage and totaled $33 million, $34 million, $33 million for 2010, 2009 and 2008, respectively. PEF's rents received are based on a fixed minimum rental where price varies by type of equipment or contingent usage and totaled $85 million, $84 million and $81 million for 2010, 2009 and 2008, respectively. PEF's minimum rentals receivable under noncancelable leases are not material for 2011 and thereafter.

C. GUARANTEES

As a part of normal business, we enter into various agreements providing future financial or performance assurances to third parties. Such agreements include guarantees, standby letters of credit and surety bonds. At December 31,

2010, we do not believe conditions are likely for significant performance under these guarantees. To the extent liabilities are incurred as a result of the activities covered by the guarantees, such liabilities are included in the accompanying Balance Sheets.

At December 31, 2010, we have issued guarantees and indemnifications of and for certain asset performance, legal, tax and environmental matters to third parties, including indemnifications made in connection with sales of businesses. At December 31, 2010, our estimated maximum exposure for guarantees and indemnifications for which a maximum exposure is determinable was $307 million, including $31 million at PEF. Related to the sales of businesses, the latest specified notice period extends until 2013 for the majority of legal, tax and environmental matters provided for in the indemnification provisions. Indemnifications for the performance of assets extend to 2016. For certain matters for which we receive timely notice, our indemnity obligations may extend beyond the notice period. Certain indemnifications have no limitations as to time or maximum potential future payments. At December 31, 2010 and 2009, we had recorded liabilities related to guarantees and indemnifications to third parties of approximately $31 million and $34 million, respectively. These amounts included $6 million and $7 million for PEF at December 31, 2010 and 2009, respectively. During the year ended December 31, 2010, our and the Utilities' accruals and expenditures related to guarantees and indemnifications were not material. As current estimates change, additional losses related to guarantees and indemnifications to third parties, which could be material, may be recorded in the future.

In addition, the Parent has issued $300 million in guarantees for certain payments of two wholly owned indirect subsidiaries (See Note 23).

D. OTHER COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

We are subject to federal, state and local regulations regarding environmental matters (See Note 21).

SPENT NUCLEAR FUEL MATTERS

Pursuant to the Nuclear Waste Policy Act of 1982, the Utilities entered into contracts with the DOE under which the DOE agreed to begin taking spent nuclear fuel by no later than January 31, 1998. All similarly situated utilities were required to sign the same standard contract.

The DOE failed to begin taking spent nuclear fuel by January 31, 1998. In January 2004, the Utilities filed a complaint in the United States Court of Federal Claims against the DOE, claiming that the DOE breached the Standard Contract for Disposal of Spent Nuclear Fuel by failing to accept spent nuclear fuel from our various facilities on or before January 31, 1998. Approximately 60 cases involving the government's actions in connection with spent nuclear fuel are currently pending in the Court of Federal Claims. The Utilities have asserted nearly $91 million in damages incurred between January 31, 1998, and December 31, 2005, the time period set by the court for damages in this case. The Utilities may file subsequent damage claims as they incur additional costs.

In 2008, the Utilities received a ruling from the United States Court of Federal Claims awarding $83 million in the claim against the DOE for failure to abide by a contract for federal disposition of spent nuclear fuel. A request for reconsideration filed by the United States Department of Justice resulted in an immaterial reduction of the award. Substantially all of the award relates to costs incurred by PEC. On August 15, 2008, the Department of Justice appealed the United States Court of Federal Claims ruling to the D.C. Court of Appeals. On July 21, 2009, the D.C. Court of Appeals vacated and remanded the calculation of damages back to the Trial Court but affirmed the portion of damages awarded that were directed to overhead costs and other indirect expenses. The Department of Justice requested a rehearing en banc but the D.C. Court of Appeals denied the motion on November 3, 2009. In the event that the Utilities recover damages in this matter, such recovery will primarily offset capital assets and therefore is not expected to have a material impact on the Utilities' results of operations. However, the Utilities cannot predict the outcome of this matter.

SYNTHETIC FUELS MATTERS

On October 21, 2009, a jury delivered a verdict in a lawsuit against Progress Energy and a number of our subsidiaries and affiliates arising out of an Asset Purchase Agreement dated as of October 19, 1999, and amended as of August 23, 2000 (the Asset Purchase Agreement) by and among U.S. Global, LLC (Global); Earthco; certain affiliates of Earthco; EFC Synfuel LLC (which was owned indirectly by Progress Energy, Inc.) and certain of its affiliates, including Solid Energy LLC; Solid Fuel LLC; Ceredo Synfuel LLC; Gulf Coast Synfuel LLC (renamed Sandy River Synfuel LLC) (collectively, the Progress Affiliates), as amended by an amendment to the Asset Purchase Agreement. In a case filed in the Circuit Court for Broward County, Fla., in March 2003 (the Florida Global Case), Global requested an unspecified amount of compensatory damages, as well as declaratory relief. Global asserted (1) that pursuant to the Asset Purchase Agreement, it was entitled to an interest in two synthetic fuels facilities previously owned by the Progress Affiliates and an option to purchase additional interests in the two synthetic fuels facilities and (2) that it was entitled to damages because the Progress Affiliates prohibited it from procuring purchasers for the synthetic fuels facilities. As a result of the expiration of the Section 29 tax credit program on December 31, 2007, all of our synthetic fuels businesses were abandoned and we reclassified our synthetic fuels businesses as discontinued operations.

The jury awarded Global $78 million. On October 23, 2009, Global filed a motion to assess prejudgment interest on the award. On November 20, 2009, the court granted the motion and assessed $55 million in prejudgment interest and entered judgment in favor of Global in a total amount of $133 million. During the year ended December 31, 2009, we recorded an after-tax charge of $74 million to discontinued operations. In December 2009, we made a $154 million payment, which represents payment of the total judgment and a required premium equivalent to two years of interest, to the Broward County Clerk of Court bond account. On December 17, 2010, we filed our initial appellate brief. We cannot predict the outcome of this matter.

In a second suit filed in the Superior Court for Wake County, N.C., *Progress Synfuel Holdings, Inc. et al. v. U.S. Global, LLC* (the North Carolina Global Case), the Progress Affiliates seek declaratory relief consistent with our interpretation of the Asset Purchase Agreement. Global was served with the North Carolina Global Case on April 17, 2003.

On May 15, 2003, Global moved to dismiss the North Carolina Global Case for lack of personal jurisdiction over Global. In the alternative, Global requested that the court decline to exercise its discretion to hear the Progress Affiliates' declaratory judgment action. On August 7, 2003, the Wake County Superior Court denied Global's motion to dismiss, but stayed the North Carolina Global Case, pending the outcome of the Florida Global Case. The Progress Affiliates appealed the superior court's order staying the case. By order dated September 7, 2004, the North Carolina Court of Appeals dismissed the Progress Affiliates' appeal. Based upon the verdict in the Florida Global Case, we anticipate dismissal of the North Carolina Global Case.

NOTICE OF VIOLATION

On April 29, 2009, the EPA issued a notice of violation and opportunity to show cause with respect to a 16,000-gallon oil spill at one of PEC's substations in 2007. The notice of violation did not include specified sanctions sought. Subsequently, the EPA notified PEC that the agency was seeking monetary sanctions that are *de minimus* to our and PEC's results of operations or financial condition. PEC has entered into consent agreements with the EPA resolving all issues and requiring *de minimus* payment of penalties and performance.

FLORIDA NUCLEAR COST RECOVERY

On February 8, 2010, a lawsuit was filed against PEF in state circuit court in Sumter County, Fla., alleging that the Florida nuclear cost-recovery statute (Section 366.93, Florida Statutes) violates the Florida Constitution, and seeking a refund of all monies collected by PEF pursuant to that statute with interest. The complaint also requests that the court grant class action status to the plaintiffs. On April 6, 2010, PEF filed a motion to dismiss the complaint. The trial judge issued an order on May 3, 2010, dismissing the complaint. The plaintiffs filed an amended complaint on June 1, 2010. PEF believes the lawsuit is without merit and filed a motion to dismiss the amended complaint on July 12, 2010. On October 1, 2010, the plaintiffs filed an appeal of the trial court's order dismissing the complaint. Initial and reply briefs have been filed by the appellants and PEF. The appellants filed their response brief on January 25, 2011. We cannot predict the outcome of this matter.

OTHER LITIGATION MATTERS

We and our subsidiaries are involved in various litigation matters in the ordinary course of business, some of which involve substantial amounts. Where appropriate, we have made accruals and disclosures to provide for such matters. In the opinion of management, the final disposition of pending litigation would not have a material adverse effect on our consolidated results of operations or financial position.

23. CONDENSED CONSOLIDATING STATEMENTS

Presented below are the Condensed Consolidating Statements of Income, Balance Sheets and Cash Flows as required by Rule 3-10 of Regulation S-X. In September 2005, we issued our guarantee of certain payments of two wholly owned indirect subsidiaries, FPC Capital I (the Trust) and Florida Progress Funding Corporation (Funding Corp.). Our guarantees are in addition to the previously issued guarantees of our wholly owned subsidiary, Florida Progress.

The Trust, a finance subsidiary, was established in 1999 for the sole purpose of issuing $300 million of 7.10% Cumulative Quarterly Income Preferred Securities due 2039, Series A (Preferred Securities) and using the proceeds thereof to purchase from Funding Corp. $300 million of 7.10% Junior Subordinated Deferrable Interest Notes due 2039 (Subordinated Notes). The Trust has no other operations and its sole assets are the Subordinated Notes and Notes Guarantee (as discussed below). Funding Corp. is a wholly owned subsidiary of Florida Progress and was formed for the sole purpose of providing financing to Florida Progress and its subsidiaries. Funding Corp. does not engage in business activities other than such financing and has no independent operations. Since 1999, Florida Progress has fully and unconditionally guaranteed the obligations of Funding Corp. under the Subordinated Notes. In addition, Florida Progress guaranteed the payment of all distributions related to the Preferred Securities required to be made by the Trust, but only to the extent that the Trust has funds available for such distributions (the Preferred Securities Guarantee). The two guarantees considered together constitute a full and unconditional guarantee by Florida Progress of the Trust's obligations under the Preferred Securities. The Preferred Securities and the Preferred Securities Guarantee are listed on the New York Stock Exchange.

The Subordinated Notes may be redeemed at the option of Funding Corp. at par value plus accrued interest through the redemption date. The proceeds of any redemption of the Subordinated Notes will be used by the Trust to redeem proportional amounts of the Preferred Securities and common securities in accordance with their terms. Upon liquidation or dissolution of Funding Corp., holders of the Preferred Securities would be entitled to the liquidation preference of $25 per share plus all accrued and unpaid dividends thereon to the date of payment. The annual interest expense related to the Subordinated Notes is reflected in the Consolidated Statements of Income.

We have guaranteed the payment of all distributions related to the Trust's Preferred Securities. At December 31, 2010, the Trust had outstanding 12 million shares of the Preferred Securities with a liquidation value of $300 million. Our guarantees are joint and several, full and unconditional, and are in addition to the joint and several, full and unconditional guarantees previously issued to the Trust and Funding Corp. by Florida Progress. Our subsidiaries have provisions restricting the payment of dividends to the Parent in certain limited circumstances, and as disclosed in Note 11B, there were no restrictions on PEC's or PEF's retained earnings.

The Trust is a variable-interest entity of which we are not the primary beneficiary. Separate financial statements and other disclosures concerning the Trust have not been presented because we believe that such information is not material to investors.

In these condensed consolidating statements, the Parent column includes the financial results of the parent holding company only. The Subsidiary Guarantor column includes the consolidated financial results of Florida Progress only, which is primarily comprised of its wholly owned subsidiary PEF. The Non-Guarantor Subsidiaries column includes the consolidated financial results of all non-guarantor subsidiaries, which is primarily comprised of our wholly owned subsidiary PEC. The Other column includes elimination entries for all intercompany transactions and other consolidation adjustments. Financial statements for PEC and PEF are separately presented elsewhere in this Form 10-K. All applicable corporate expenses have been allocated appropriately among the guarantor and non-guarantor subsidiaries. The financial information may not necessarily be indicative of results of operations or financial position had the subsidiary guarantor or other non-guarantor subsidiaries operated as independent entities.

Condensed Consolidating Statement of Income
Year ended December 31, 2010

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Operating revenues					
Operating revenues	$ -	$ 5,268	$ 4,922	$ -	$ 10,190
Affiliate revenues	-	-	248	(248)	-
Total operating revenues	-	5,268	5,170	(248)	10,190
Operating expenses					
Fuel used in electric generation	-	1,614	1,686	-	3,300
Purchased power	-	977	302	-	1,279
Operation and maintenance	7	912	1,345	(237)	2,027
Depreciation, amortization and accretion	-	426	494	-	920
Taxes other than on income	-	362	225	(7)	580
Other	-	17	13	-	30
Total operating expenses	7	4,308	4,065	(244)	8,136
Operating (loss) income	(7)	960	1,105	(4)	2,054
Other income (expense)					
Interest income	7	2	5	(7)	7
Allowance for equity funds used during construction	-	28	64	-	92
Other, net	(1)	1	(3)	3	-
Total other income, net	6	31	66	(4)	99
Interest charges					
Interest charges	282	293	211	(7)	779
Allowance for borrowed funds used during construction	-	(13)	(19)	-	(32)
Total interest charges, net	282	280	192	(7)	747
(Loss) income from continuing operations before income tax and equity in earnings of consolidated subsidiaries	(283)	711	979	(1)	1,406
Income tax (benefit) expense	(111)	267	378	5	539
Equity in earnings of consolidated subsidiaries	1,027	-	-	(1,027)	-
Income from continuing operations	855	444	601	(1,033)	867
Discontinued operations, net of tax	1	(1)	(4)	-	(4)
Net income	856	443	597	(1,033)	863
Net (income) loss attributable to noncontrolling interests, net of tax	-	(4)	1	(4)	(7)
Net income attributable to controlling interests	$ 856	$ 439	$ 598	$ (1,037)	$ 856

Condensed Consolidating Statement of Income
Year ended December 31, 2009

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Operating revenues					
Operating revenues	$ -	$ 5,259	$ 4,626	$ -	$ 9,885
Affiliate revenues	-	-	235	(235)	-
Total operating revenues	-	5,259	4,861	(235)	9,885
Operating expenses					
Fuel used in electric generation	-	2,072	1,680	-	3,752
Purchased power	-	682	229	-	911
Operation and maintenance	8	839	1,269	(222)	1,894
Depreciation, amortization and accretion	-	502	484	-	986
Taxes other than on income	-	347	216	(6)	557
Other	-	13	-	-	13
Total operating expenses	8	4,455	3,878	(228)	8,113
Operating (loss) income	(8)	804	983	(7)	1,772
Other income (expense)					
Interest income	10	5	9	(10)	14
Allowance for equity funds used during construction	-	91	33	-	124
Other, net	18	6	(22)	4	6
Total other income, net	28	102	20	(6)	144
Interest charges					
Interest charges	233	280	215	(10)	718
Allowance for borrowed funds used during construction	-	(27)	(12)	-	(39)
Total interest charges, net	233	253	203	(10)	679
(Loss) income from continuing operations before income tax and equity in earnings of consolidated subsidiaries	(213)	653	800	(3)	1,237
Income tax (benefit) expense	(93)	200	286	4	397
Equity in earnings of consolidated subsidiaries	875	-	-	(875)	-
Income from continuing operations	755	453	514	(882)	840
Discontinued operations, net of tax	2	(43)	(38)	-	(79)
Net income	757	410	476	(882)	761
Net (income) loss attributable to noncontrolling interests, net of tax	-	(3)	2	(3)	(4)
Net income attributable to controlling interests	$ 757	$ 407	$ 478	$ (885)	$ 757

Condensed Consolidating Statement of Income
Year ended December 31, 2008

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Operating revenues					
Operating revenues	$ -	$ 4,738	$ 4,429	$ -	$ 9,167
Affiliate revenues	-	-	361	(361)	-
Total operating revenues	-	4,738	4,790	(361)	9,167
Operating expenses					
Fuel used in electric generation	-	1,675	1,346	-	3,021
Purchased power	-	953	346	-	1,299
Operation and maintenance	3	813	1,346	(342)	1,820
Depreciation, amortization and accretion	-	306	533	-	839
Taxes other than on income	-	309	207	(8)	508
Other	-	1	(4)	-	(3)
Total operating expenses	3	4,057	3,774	(350)	7,484
Operating (loss) income	(3)	681	1,016	(11)	1,683
Other income (expense)					
Interest income	11	9	16	(12)	24
Allowance for equity funds used during construction	-	95	27	-	122
Other, net	-	(18)	(4)	5	(17)
Total other income, net	11	86	39	(7)	129
Interest charges					
Interest charges	201	263	227	(12)	679
Allowance for borrowed funds used during construction	-	(28)	(12)	-	(40)
Total interest charges, net	201	235	215	(12)	639
(Loss) income from continuing operations before income tax and equity in earnings of consolidated subsidiaries	(193)	532	840	(6)	1,173
Income tax (benefit) expense	(85)	172	306	2	395
Equity in earnings of consolidated subsidiaries	941	-	-	(941)	-
Income from continuing operations	833	360	534	(949)	778
Discontinued operations, net of tax	(3)	61	-	-	58
Net income	830	421	534	(949)	836
Net income attributable to noncontrolling interests, net of tax	-	(6)	-	-	(6)
Net income attributable to controlling interests	$ 830	$ 415	$ 534	$ (949)	$ 830

Condensed Consolidating Balance Sheet
December 31, 2010

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
ASSETS					
Utility plant, net	$ -	$ 10,189	$ 10,961	$ 90	$ 21,240
Current assets					
Cash and cash equivalents	110	270	231	-	611
Receivables, net	-	497	536	-	1,033
Notes receivable from affiliated companies	14	48	115	(177)	-
Regulatory assets	-	105	71	-	176
Derivative collateral posted	-	140	24	-	164
Income taxes receivable	14	1	90	(53)	52
Prepayments and other current assets	16	750	894	(220)	1,440
Total current assets	154	1,811	1,961	(450)	3,476
Deferred debits and other assets					
Investment in consolidated subsidiaries	14,316	-	-	(14,316)	-
Regulatory assets	-	1,387	987	-	2,374
Goodwill	-	-	-	3,655	3,655
Nuclear decommissioning trust funds	-	554	1,017	-	1,571
Other assets and deferred debits	75	238	894	(469)	738
Total deferred debits and other assets	14,391	2,179	2,898	(11,130)	8,338
Total assets	$ 14,545	$ 14,179	$ 15,820	$ (11,490)	$ 33,054
CAPITALIZATION AND LIABILITIES					
Equity					
Common stock equity	$ 10,023	$ 4,957	$ 5,686	$ (10,643)	$ 10,023
Noncontrolling interests	-	4	-	-	4
Total equity	10,023	4,961	5,686	(10,643)	10,027
Preferred stock of subsidiaries	-	34	59	-	93
Long-term debt, affiliate	-	309	-	(36)	273
Long-term debt, net	3,989	4,182	3,693	-	11,864
Total capitalization	14,012	9,486	9,438	(10,679)	22,257
Current liabilities					
Current portion of long-term debt	205	300	-	-	505
Notes payable to affiliated companies	-	175	3	(178)	-
Derivative liabilities	18	188	53	-	259
Other current liabilities	278	1,002	1,184	(273)	2,191
Total current liabilities	501	1,665	1,240	(451)	2,955
Deferred credits and other liabilities					
Noncurrent income tax liabilities	3	528	1,608	(443)	1,696
Regulatory liabilities	-	1,084	1,461	90	2,635
Other liabilities and deferred credits	29	1,416	2,073	(7)	3,511
Total deferred credits and other liabilities	32	3,028	5,142	(360)	7,842
Total capitalization and liabilities	$ 14,545	$ 14,179	$ 15,820	$ (11,490)	$ 33,054

Condensed Consolidating Balance Sheet
December 31, 2009

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
ASSETS					
Utility plant, net	$ -	$ 9,733	$ 9,886	$ 114	$ 19,733
Current assets					
Cash and cash equivalents	606	72	47	-	725
Receivables, net	-	358	442	-	800
Notes receivable from affiliated companies	30	46	303	(379)	-
Regulatory assets	-	54	88	-	142
Derivative collateral posted	-	139	7	-	146
Income taxes receivable	5	97	50	(7)	145
Prepayments and other current assets	14	800	935	(176)	1,573
Total current assets	655	1,566	1,872	(562)	3,531
Deferred debits and other assets					
Investment in consolidated subsidiaries	13,348	-	-	(13,348)	-
Regulatory assets	-	1,307	873	(1)	2,179
Goodwill	-	-	-	3,655	3,655
Nuclear decommissioning trust funds	-	496	871	-	1,367
Other assets and deferred debits	166	202	923	(520)	771
Total deferred debits and other assets	13,514	2,005	2,667	(10,214)	7,972
Total assets	$ 14,169	$ 13,304	$ 14,425	$ (10,662)	$ 31,236
CAPITALIZATION AND LIABILITIES					
Equity					
Common stock equity	$ 9,449	$ 4,590	$ 5,085	$ (9,675)	$ 9,449
Noncontrolling interests	-	3	3	-	6
Total equity	9,449	4,593	5,088	(9,675)	9,455
Preferred stock of subsidiaries	-	34	59	-	93
Long-term debt, affiliate	-	309	115	(152)	272
Long-term debt, net	4,193	3,883	3,703	-	11,779
Total capitalization	13,642	8,819	8,965	(9,827)	21,599
Current liabilities					
Current portion of long-term debt	100	300	6	-	406
Short-term debt	140	-	-	-	140
Notes payable to affiliated companies	-	376	3	(379)	-
Derivative liabilities	-	161	29	-	190
Other current liabilities	261	941	902	(182)	1,922
Total current liabilities	501	1,778	940	(561)	2,658
Deferred credits and other liabilities					
Noncurrent income tax liabilities	-	320	1,258	(382)	1,196
Regulatory liabilities	-	1,103	1,293	114	2,510
Other liabilities and deferred credits	26	1,284	1,969	(6)	3,273
Total deferred credits and other liabilities	26	2,707	4,520	(274)	6,979
Total capitalization and liabilities	$ 14,169	$ 13,304	$ 14,425	$ (10,662)	$ 31,236

Condensed Consolidating Statement of Cash Flows
Year ended December 31, 2010

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Net cash provided by operating activities	$ 16	$ 1,181	$ 1,562	$ (222)	$ 2,537
Investing activities					
Gross property additions	-	(1,014)	(1,231)	24	(2,221)
Nuclear fuel additions	-	(38)	(183)	-	(221)
Purchases of available-for-sale securities and other investments	-	(6,391)	(618)	-	(7,009)
Proceeds from available-for-sale securities and other investments	-	6,395	595	-	6,990
Changes in advances to affiliated companies	15	(2)	188	(201)	-
Return of investment in consolidated subsidiaries	54	-	-	(54)	-
Contributions to consolidated subsidiaries	(171)	-	-	171	-
Other investing activities	113	60	3	(115)	61
Net cash provided (used) by investing activities	11	(990)	(1,246)	(175)	(2,400)
Financing activities					
Issuance of common stock, net	434	-	-	-	434
Dividends paid on common stock	(717)	-	-	-	(717)
Dividends paid to parent	-	(102)	(100)	202	-
Dividends paid to parent in excess of retained earnings	-	-	(54)	54	-
Net decrease in short-term debt	(140)	-	-	-	(140)
Proceeds from issuance of long-term debt, net	-	591	-	-	591
Retirement of long-term debt	(100)	(300)	-	-	(400)
Cash distributions to noncontrolling interest	-	(3)	-	(3)	(6)
Changes in advances from affiliated companies	-	(201)	-	201	-
Contributions from parent	-	33	152	(185)	-
Other financing activities	-	(11)	(130)	128	(13)
Net cash (used) provided by financing activities	(523)	7	(132)	397	(251)
Net (decrease) increase in cash and cash equivalents	(496)	198	184	-	(114)
Cash and cash equivalents at beginning of year	606	72	47	-	725
Cash and cash equivalents at end of year	$ 110	$ 270	$ 231	$ -	$ 611

Condensed Consolidating Statement of Cash Flows
Year ended December 31, 2009

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Net cash provided by operating activities	$ 108	$ 1,079	$ 1,282	$ (198)	$ 2,271
Investing activities					
Gross property additions	-	(1,449)	(858)	12	(2,295)
Nuclear fuel additions	-	(78)	(122)	-	(200)
Proceeds from sales of assets to affiliated companies	-	-	11	(11)	-
Purchases of available-for-sale securities and other investments	-	(1,548)	(802)	-	(2,350)
Proceeds from available-for-sale securities and other investments	-	1,558	756	-	2,314
Changes in advances to affiliated companies	4	(2)	(172)	170	-
Return of investment in consolidated subsidiaries	12	-	-	(12)	-
Contributions to consolidated subsidiaries	(688)	-	-	688	-
Other investing activities	-	-	(1)	-	(1)
Net cash used by investing activities	(672)	(1,519)	(1,188)	847	(2,532)
Financing activities					
Issuance of common stock, net	623	-	-	-	623
Dividends paid on common stock	(693)	-	-	-	(693)
Dividends paid to parent	-	(1)	(200)	201	-
Dividends paid to parent in excess of retained earnings	-	-	(12)	12	-
Payments of short-term debt with original maturities greater than 90 days	(629)	-	-	-	(629)
Net decrease in short-term debt	100	(371)	(110)	-	(381)
Proceeds from issuance of long-term debt, net	1,683	-	595	-	2,278
Retirement of long-term debt	-	-	(400)	-	(400)
Cash distributions to noncontrolling interests	-	(3)	-	(3)	(6)
Changes in advances from affiliated companies	-	170	-	(170)	-
Contributions from parent	-	653	49	(702)	-
Other financing activities	(2)	(9)	12	13	14
Net cash provided (used) by financing activities	1,082	439	(66)	(649)	806
Net increase (decrease) in cash and cash equivalents	518	(1)	28	-	545
Cash and cash equivalents at beginning of year	88	73	19	-	180
Cash and cash equivalents at end of year	$ 606	$ 72	$ 47	$ -	$ 725

Condensed Consolidating Statement of Cash Flows
Year ended December 31, 2008

(in millions)	Parent	Subsidiary Guarantor	Non-Guarantor Subsidiaries	Other	Progress Energy, Inc.
Net cash (used) provided by operating activities	$ (90)	$ 221	$ 1,114	$ (27)	$ 1,218
Investing activities					
Gross property additions	-	(1,553)	(794)	14	(2,333)
Nuclear fuel additions	-	(43)	(179)	-	(222)
Proceeds from sales of assets to affiliated companies	-	12	-	(12)	-
Purchases of available-for-sale securities and other investments	(7)	(783)	(800)	-	(1,590)
Proceeds from available-for-sale securities and other investments	-	788	746	-	1,534
Changes in advances to affiliated companies	123	105	8	(236)	-
Return of investment in consolidated subsidiaries	20	10	-	(30)	-
Contributions to consolidated subsidiaries	(101)	-	-	101	-
Other investing activities	-	57	13	-	70
Net cash provided (used) by investing activities	35	(1,407)	(1,006)	(163)	(2,541)
Financing activities					
Issuance of common stock, net	132	-	-	-	132
Dividends paid on common stock	(642)	-	-	-	(642)
Dividends paid to parent	-	(33)	-	33	-
Dividends paid to parent in excess of retained earnings	-	-	(20)	20	-
Payments of short-term debt with original maturities greater than 90 days	(176)	-	-	-	(176)
Proceeds from issuance of short-term debt with original maturities greater than 90 days	629	-	-	-	629
Net increase in short-term debt	15	371	110	-	496
Proceeds from issuance of long-term debt, net	-	1,475	322	-	1,797
Retirement of long-term debt	-	(577)	(300)	-	(877)
Cash distributions to noncontrolling interests	-	(85)	(10)	10	(85)
Changes in advances from affiliated companies	-	(21)	(215)	236	-
Contributions from parent	-	85	29	(114)	-
Other financing activities	-	1	(32)	5	(26)
Net cash (used) provided by financing activities	(42)	1,216	(116)	190	1,248
Net (decrease) increase in cash and cash equivalents	(97)	30	(8)	-	(75)
Cash and cash equivalents at beginning of year	185	43	27	-	255
Cash and cash equivalents at end of year	$ 88	$ 73	$ 19	$ -	$ 180

24. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data was as follows:

Progress Energy

(in millions except per share data)	First	Second	Third	Fourth
2010				
Operating revenues	**$ 2,535**	**$ 2,372**	**$ 2,962**	**$ 2,321**
Operating income	**494**	**440**	**753**	**367**
Income from continuing operations	**191**	**181**	**365**	**130**
Net income	**190**	**180**	**365**	**128**
Net income attributable to controlling interests	**190**	**180**	**361**	**125**
Common stock data				
Basic and diluted earnings per common share				
Income from continuing operations attributable to controlling interests, net of tax	**0.67**	**0.62**	**1.23**	**0.43**
Net income attributable to controlling interests	**0.67**	**0.62**	**1.23**	**0.42**
Dividends declared per common share	**0.620**	**0.620**	**0.620**	**0.620**
Market price per share				
High	**41.35**	**40.69**	**44.82**	**45.61**
Low	**37.04**	**37.13**	**38.96**	**43.08**
2009				
Operating revenues	$ 2,442	$ 2,312	$ 2,824	$ 2,307
Operating income	393	379	676	324
Income from continuing operations	183	175	350	132
Net income	183	174	248	156
Net income attributable to controlling interests	182	174	247	154
Common stock data				
Basic and diluted earnings per common share				
Income from continuing operations attributable to controlling interests, net of tax	0.66	0.62	1.24	0.46
Net income attributable to controlling interests	0.66	0.62	0.88	0.55
Dividends declared per common share	0.620	0.620	0.620	0.620
Market price per share				
High	40.85	38.20	40.05	42.20
Low	31.35	33.50	35.97	36.67

In the opinion of management, all adjustments necessary to fairly present amounts shown for interim periods have been made. Results of operations for an interim period may not give a true indication of results for the year. Typically, weather conditions in our service territories directly influence the demand for electricity and affect the price of energy commodities necessary to provide electricity to our customers. As a result, our overall operating results may fluctuate substantially on a seasonal basis.

In the third quarter of 2009, we recognized $102 million of expense from discontinued operations attributable to controlling interests, net of tax, primarily related to a jury delivering a verdict in a lawsuit against Progress Energy and a number of our subsidiaries and affiliates previously engaged in coal-based solid synthetic fuels operations. In the fourth quarter of 2009, we recognized $25 million of earnings from discontinued operations primarily related to the tax benefits associated with the payment of the judgment. See Note 22D for additional information.

During the fourth quarter of 2009, we recorded a cumulative prior period adjustment related to certain employee life insurance benefits. The impact of this adjustment decreased total other income, net, by $17 million and decreased net income attributable to controlling interests by $10 million. The prior period adjustment is not material to 2009 or previously issued financial statements.

PEC

Summarized quarterly financial data was as follows:

(in millions)	First	Second	Third	Fourth
2010				
Operating revenues	**$ 1,263**	**$ 1,117**	**$ 1,414**	**$ 1,128**
Operating income	**266**	**196**	**402**	**207**
Net income	**136**	**111**	**236**	**119**
Net income attributable to controlling interests	**138**	**112**	**234**	**119**
2009				
Operating revenues	$ 1,178	$ 1,076	$ 1,307	$ 1,066
Operating income	249	182	367	168
Net income	128	94	208	84
Net income attributable to controlling interests	128	95	208	85

In the opinion of management, all adjustments necessary to fairly present amounts shown for interim periods have been made. Results of operations for an interim period may not give a true indication of results for the year. Typically, weather conditions in PEC's service territories directly influence the demand for electricity and affect the price of energy commodities necessary to provide electricity to its customers. As a result, its overall operating results may fluctuate substantially on a seasonal basis.

During the fourth quarter of 2009, PEC recorded a cumulative prior period adjustment related to certain employee life insurance benefits. The impact of this adjustment decreased total other income, net, by $16 million and decreased net income attributable to controlling interests by $10 million. The prior period adjustment is not material to 2009 or previously issued financial statements.

PEF

Summarized quarterly financial data was as follows:

(in millions)	First	Second	Third	Fourth
2010				
Operating revenues	**$ 1,270**	**$ 1,252**	**$ 1,543**	**$ 1,189**
Operating income	**222**	**244**	**344**	**149**
Net income	**102**	**119**	**180**	**52**
2009				
Operating revenues	$ 1,262	$ 1,234	$ 1,516	$ 1,239
Operating income	140	195	314	153
Net income	89	119	177	77

In the opinion of management, all adjustments necessary to fairly present amounts shown for interim periods have been made. Results of operations for an interim period may not give a true indication of results for the year. Typically, weather conditions in PEF's service territories directly influence the demand for electricity and affect the price of energy commodities necessary to provide electricity to its customers. As a result, its overall operating results may fluctuate substantially on a seasonal basis.

25. SUBSEQUENT EVENT – MERGER AGREEMENT

On January 8, 2011, Duke Energy and Progress Energy entered into an Agreement and Plan of Merger (the Merger Agreement). Pursuant to the Merger Agreement, Progress Energy will be acquired by Duke Energy in a stock-for-stock transaction (the Merger) and continue as a wholly owned subsidiary of Duke Energy.

Under the terms of the Merger Agreement, each share of Progress Energy common stock will be cancelled and converted into the right to receive 2.6125 shares of Duke Energy common stock. Each outstanding option to acquire, and each outstanding equity award relating to, one share of Progress Energy common stock will be converted into an option to acquire, or an equity award relating to, 2.6125 shares of Duke Energy common stock. The Merger Agreement contemplates a reverse stock split of Duke Energy stock, effective immediately prior to the Merger. The board of directors of Duke Energy has approved a reverse stock split, at a ratio of 1-for-2 or 1-for-3, to be determined by the board of directors of Duke Energy after consultation with Progress Energy, which is subject to approval by the shareholders of Duke Energy and would be effective prior to the Merger. Accordingly, the 2.6125 exchange ratio for Progress Energy common shares, options and equity awards will be adjusted based on Duke Energy's reverse stock split.

The combined company, to be called Duke Energy, will have an 18-member board of directors. The board will be comprised of, subject to their ability and willingness to serve, all 11 current directors of Duke Energy and seven current directors of Progress Energy. At the time of the Merger, William D. Johnson, Chairman, President and CEO of Progress Energy, will be President and CEO of Duke Energy and James E. Rogers, Chairman, President and CEO of Duke Energy, will be the Executive Chairman of the board of directors of Duke Energy, subject to their ability and willingness to serve.

Consummation of the Merger is subject to customary conditions, including, among others things, approval of the shareholders of each company, expiration or termination of the applicable Hart-Scott-Rodino Act waiting period, and receipt of approvals, to the extent required, from the FERC, the Federal Communications Commission, the NRC, the NCUC, the Kentucky Public Service Commission, the SCPSC, the FPSC, the Indiana Utility Regulatory Commission, and the Ohio Public Utilities Commission.

The Merger Agreement includes certain restrictions, limitations and prohibitions as to actions we may or may not take in the period prior to consummation of the Merger. Among other restrictions, the Merger Agreement limits our total capital spending, limits the extent to which we can obtain financing through long-term debt and equity, and we may not, without the prior approval of Duke Energy, increase our quarterly common stock dividend of $0.62 per share.

Certain substantial changes in ownership of Progress Energy, including the Merger, can impact the timing of the utilization of tax credit carry forwards and net operating loss carry forwards (See Note 14).

The Merger Agreement contains certain termination rights for both companies and under specified circumstances we may be required to pay Duke Energy $400 million and Duke Energy may be required to pay us $675 million. In addition, under specified circumstances each party may be required to reimburse the other party for up to $30 million of merger-related expenses.

Progress Energy shareholders have filed class action lawsuits in the state and federal courts in North Carolina against Progress Energy and each of the members of Progress Energy's board of directors. The lawsuits seek to prohibit the Merger and, in some cases, seek damages in the event that the Merger is completed. Progress Energy intends to vigorously defend against these claims. We cannot predict the outcome of this matter.

Further information concerning the proposed merger will be included in a joint proxy statement/prospectus contained in the registration statement on Form S-4 to be filed by us with the SEC in connection with the Merger.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

PROGRESS ENERGY

DISCLOSURE CONTROLS AND PROCEDURES

Pursuant to the Securities Exchange Act of 1934, we carried out an evaluation, with the participation of management, including our Chairman, President and Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

It is the responsibility of Progress Energy's management to establish and maintain adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. Progress Energy's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Progress Energy; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America; (3) provide reasonable assurance that receipts and expenditures of Progress Energy are being made only in accordance with authorizations of management and directors of Progress Energy; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Progress Energy's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Progress Energy's internal control over financial reporting at December 31, 2010. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of Progress Energy's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit and Corporate Performance Committee (Audit Committee) of the board of directors.

Based on our assessment, management determined that, at December 31, 2010, Progress Energy maintained effective internal control over financial reporting.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the internal control over financial reporting of Progress Energy as of December 31, 2010, as stated in their report, which is included below.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in Progress Energy's internal control over financial reporting during the quarter ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF PROGRESS ENERGY, INC.:

We have audited the internal control over financial reporting of Progress Energy, Inc. and subsidiaries (the "Company") as of December 31, 2010, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and consolidated financial statement schedule as of and for the year ended December 31, 2010 of the Company, and our report dated February 28, 2011, expressed an unqualified opinion on those consolidated financial statements and consolidated financial statement schedule.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina
February 28, 2011

PEC

DISCLOSURE CONTROLS AND PROCEDURES

Pursuant to the Securities Exchange Act of 1934, PEC carried out an evaluation, with the participation of its management, including PEC's Chief Executive Officer and Chief Financial Officer, of the effectiveness of PEC's disclosure controls and procedures (as defined under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, PEC's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures are effective to ensure that information required to be disclosed by PEC in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to PEC's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

It is the responsibility of PEC's management to establish and maintain adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. PEC's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of PEC; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America; (3) provide reasonable assurance that receipts and expenditures of PEC are being made only in accordance with authorizations of management and directors of PEC; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of PEC's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of PEC's internal control over financial reporting at December 31, 2010. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of PEC's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the board of directors.

Based on our assessment, management determined that, at December 31, 2010, PEC maintained effective internal control over financial reporting.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting for PEC. As PEC is a non-accelerated filer, management's report

is not subject to attestation by our independent registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in PEC's internal control over financial reporting during the quarter ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PEF

DISCLOSURE CONTROLS AND PROCEDURES

Pursuant to the Securities Exchange Act of 1934, PEF carried out an evaluation, with the participation of its management, including PEF's Chief Executive Officer and Chief Financial Officer, of the effectiveness of PEF's disclosure controls and procedures (as defined under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, PEF's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures are effective to ensure that information required to be disclosed by PEF in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to PEF's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

It is the responsibility of PEF's management to establish and maintain adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended. PEF's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of PEF; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America; (3) provide reasonable assurance that receipts and expenditures of PEF are being made only in accordance with authorizations of management and directors of PEF; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of PEF's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of PEF's internal control over financial reporting at December 31, 2010. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of PEF's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the board of directors.

Based on our assessment, management determined that, at December 31, 2010, PEF maintained effective internal control over financial reporting.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting for PEF. As PEF is a non-accelerated filer, management's report

is not subject to attestation by our independent registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in PEF's internal control over financial reporting during the quarter ended December 31, 2010, that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

a) Information regarding Progress Energy's directors is set forth in Progress Energy's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein. Information regarding PEC's directors is set forth in PEC's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

b) Information regarding both Progress Energy's and PEC's executive officers is set forth in PART I and incorporated by reference herein.

c) We have adopted a Code of Ethics that applies to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller (or persons performing similar functions). Our board of directors has adopted our Code of Ethics as its own standard. Board members, Progress Energy officers and Progress Energy employees certify their compliance with the Code of Ethics on an annual basis. Our Code of Ethics is posted on our website at www.progress-energy.com/investor and is available in print to any shareholder upon written request.

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of the Code of Ethics applicable to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller by posting such information on our website cited above.

d) Information regarding the Audit and Corporate Performance Committee of Progress Energy's board of directors is set forth in Progress Energy's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

PEC does not have a separate audit committee. Information regarding the responsibilities of the Audit and Corporate Performance Committee of Progress Energy's board with respect to PEC is set forth in PEC's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

e) The board of directors has determined that Carlos A. Saladrigas and Theresa M. Stone are the "Audit Committee Financial Experts," as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002, and have designated them as such. Both Mr. Saladrigas and Ms. Stone are "independent," as that term is defined in the general independence standards of the New York Stock Exchange listing standards.

f) Information regarding our compliance with Section 16(a) of the Securities Exchange Act of 1934 and certain corporate governance matters is set forth in Progress Energy's and PEC's definitive proxy statements for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

g) The following are available on our website cited above and in print at no cost:

- Audit and Corporate Performance Committee Charter
- Corporate Governance Committee Charter
- Organization and Compensation Committee Charter
- Corporate Governance Guidelines

The information called for by Item 10 is omitted for PEF pursuant to Instruction I(2)(c) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 11. EXECUTIVE COMPENSATION

Information regarding Progress Energy's executive compensation and certain matters related to the Organization and Compensation Committee of Progress Energy's board is set forth in Progress Energy's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein. Information regarding PEC's executive compensation and PEC's decision to delegate authority to approve senior management compensation to the Organization and Compensation Committee of Progress Energy's board rather than having its own standing compensation committee is set forth in PEC's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

The information called for by Item 11 is omitted for PEF pursuant to Instruction I(2)(c) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

a) Information regarding any person Progress Energy knows to be the beneficial owner of more than 5 percent of any class of its voting securities is set forth in its definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

Information regarding any person PEC knows to be the beneficial owner of more than 5 percent of any class of its voting securities is set forth in its definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

b) Information regarding the security ownership of Progress Energy's and PEC's management is set forth, respectively, in Progress Energy's and PEC's definitive proxy statements for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

c) Information regarding the equity compensation plans of Progress Energy is set forth under the heading "Equity Compensation Plan Information" in Progress Energy's definitive proxy statement for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

The information called for by Item 12 is omitted for PEF pursuant to Instruction I(2)(c) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions is set forth, respectively, in Progress Energy's and PEC's definitive proxy statements for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

The information called for by Item 13 is omitted for PEF pursuant to Instruction I(2)(c) to Form 10-K (Omission of Information by Certain Wholly Owned Subsidiaries).

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The Audit Committee has actively monitored all services provided by its independent registered public accounting firm, Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates (collectively, Deloitte) and the relationship between audit and nonaudit services provided by Deloitte. Progress Energy has adopted policies and procedures for approving all audit and permissible nonaudit services rendered by Deloitte, and the fees billed for those services. These policies and procedures apply to Progress Energy and its subsidiaries. Progress Energy's Controller (the Controller) is responsible to the Audit Committee for enforcement of this procedure, and for reporting noncompliance. Pursuant to the preapproval policy, the Audit Committee specifically preapproved the use of Deloitte for audit, audit-related and tax services.

The preapproval policy requires management to obtain specific preapproval from the Audit Committee for the use of Deloitte for any permissible nonaudit services, which, generally, are limited to tax services, including tax compliance, tax planning, and tax advice services such as return review and consultation and assistance. Other types of permissible nonaudit services will not be considered for approval except in limited instances, which could include circumstances in which proposed services provide significant economic or other benefits to us. In determining whether to approve these services, the Audit Committee will assess whether these services adversely impair the independence of Deloitte. Any permissible nonaudit services provided during a fiscal year that (i) do not aggregate more than 5 percent of the total fees paid to Deloitte for all services rendered during that fiscal year and (ii) were not recognized as nonaudit services at the time of the engagement must be brought to the attention of the Controller for prompt submission to the Audit Committee for approval. These *de minimis* nonaudit services must be approved by the Audit Committee or its designated representative before the completion of the services. Nonaudit services that are specifically prohibited under Sarbanes-Oxley Act Section 404, SEC rules, and Public Company Accounting Oversight Board rules are specifically prohibited under the policy.

Prior to the approval of permissible tax services by the Audit Committee, the policy requires Deloitte to (1) describe in writing to the Audit Committee (a) the scope of the service, the fee structure for the engagement and any side letter or other amendment to the engagement letter or any other agreement between Progress Energy and Deloitte relating to the service and (b) any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between Deloitte and any person (other than Progress Energy) with respect to the promoting, marketing or recommending of a transaction covered by the service; and (2) discuss with the Audit Committee the potential effects of the services on the independence of Deloitte.

The policy also requires the Controller to update the Audit Committee throughout the year as to the services provided by Deloitte and the costs of those services. The policy also requires Deloitte to annually confirm its independence in accordance with SEC and New York Stock Exchange standards. The Audit Committee will assess the adequacy of this policy and related procedure as it deems necessary and revise accordingly.

Information regarding principal accountant fees and services is set forth, respectively, in Progress Energy's and PEC's definitive proxy statements for the 2011 Annual Meeting of Shareholders and incorporated by reference herein.

PEF

Set forth in the table below is certain information relating to the aggregate fees billed by Deloitte for professional services rendered to PEF for the fiscal years ended December 31.

	2010	2009
Audit fees	**$ 1,736,000**	$ 1,763,000
Audit-related fees	**50,000**	54,000
Tax fees	**4,000**	4,000
Total	**$ 1,790,000**	$ 1,821,000

Audit fees include fees billed for services rendered in connection with (i) the audits of the annual financial statements of PEF, (ii) the reviews of the financial statements included in the Quarterly Reports on Form 10-Q of PEF, (iii) accounting consultations arising as part of the audits and (iv) audit services in connection with statutory,

regulatory or other filings, including comfort letters and consents in connection with SEC filings and financing transactions.

Audit-related fees include fees billed for (i) special procedures and letter reports, (ii) benefit plan audits when fees are paid by PEF rather than directly by the plan, and (iii) accounting consultations for prospective transactions not arising directly from the audits.

Tax fees include fees billed for tax compliance matters and tax planning and advisory services.

The Audit Committee has concluded that the provision of the nonaudit services listed above as Tax fees is compatible with maintaining Deloitte's independence.

None of the services provided was approved by the Audit Committee pursuant to the "de minimis" waiver provisions described above.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a) The following documents are filed as part of the report:

1. Financial Statements Filed:

   See Item 8 –Financial Statements and Supplementary Data

2. Financial Statement Schedules Filed:

   Consolidated Financial Statement Schedules for the Years Ended December 31, 2010, 2009 and 2008:

   Schedule II – Valuation and Qualifying Accounts – Progress Energy, Inc. 244

   Schedule II – Valuation and Qualifying Accounts – Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. 245

   Schedule II – Valuation and Qualifying Accounts – Florida Power Corporation d/b/a Progress Energy Florida, Inc. 246

   All other schedules have been omitted as not applicable or are not required because the information required to be shown is included in the Financial Statements or the Combined Notes to the Financial Statements.

3. Exhibits Filed:

   See EXHIBIT INDEX

PROGRESS ENERGY, INC.
Schedule II - Valuation and Qualifying Accounts
For the Years Ended December 31
(in millions)

Description	Balance at Beginning of Period	Additions Charged to Expenses	Other Additions	Deductions[a]	Balance at End of Period
Valuation and qualifying accounts deducted on the balance sheet from the related assets:					
2010					
Uncollectible accounts	**$ 18**	**$ 18**	**$ 24 [b]**	**$ (25)**	**$ 35**
Inventory valuation[c]	**14**	**3**	**-**	**-**	**17**
Fossil fuel plants dismantlement reserve	**143**	**4**	**-**	**(3)**	**144**
Nuclear refueling outage reserve	**5**	**13**	**-**	**(3)**	**15**
Deferred tax asset valuation allowance	**55**	**5**	**-**	**-**	**60**
2009					
Uncollectible accounts	$ 18	$ 32	$ -	$ (32)	$ 18
Inventory valuation[c]	-	14	-	-	14
Fossil fuel plants dismantlement reserve	145	1	-	(3)	143
Nuclear refueling outage reserve	14	18	-	(27)	5
Deferred tax asset valuation allowance	55	-	-	-	55
2008					
Uncollectible accounts	$ 29	$ 24	$ -	$ (35)	$ 18
Fossil fuel plants dismantlement reserve	144	1	-	-	145
Nuclear refueling outage reserve	2	12	-	-	14
Deferred tax asset valuation allowance	79	12	-	(36)	55

[a] Deductions from valuation accounts represent write-offs, net of recoveries, or the release of valuation allowances.
[b] Includes $18 million related to other non-customer receivables.
[c] Relates to the impact of PEC's decision to retire 11 coal-fired units prior to the end of their estimated useful lives.

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.
Schedule II - Valuation and Qualifying Accounts
For the Years Ended December 31
(in millions)

Description	Balance at Beginning of Period	Additions Charged to Expenses	Other Additions	Deductions[a]	Balance at End of Period
Valuation and qualifying accounts deducted on the balance sheet from the related assets:					
2010					
Uncollectible accounts	**$ 8**	**$ 3**	**$ 2**	**$ (3)**	**$ 10**
Inventory valuation[b]	**14**	**3**	**-**	**-**	**17**
2009					
Uncollectible accounts	$ 6	$ 14	$ 1	$ (13)	$ 8
Inventory valuation[b]	-	14	-	-	14
2008					
Uncollectible accounts	$ 6	$ 10	$ -	$ (10)	$ 6

(a) Deductions from valuation accounts represent write-offs, net of recoveries.

(b) Relates to the impact of PEC's decision to retire 11 coal-fired units prior to the end of their estimated useful lives.

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.
Schedule II - Valuation and Qualifying Accounts
For the Years Ended December 31
(in millions)

Description	Balance at Beginning of Period	Additions Charged to Expenses	Other Additions	Deductions[a]	Balance at End of Period
Valuation and qualifying accounts deducted on the balance sheet from the related assets:					
2010					
Uncollectible accounts	**$ 10**	**$ 15**	**$ 22 [b]**	**$ (22)**	**$ 25**
Fossil fuel plants dismantlement reserve	**143**	**4**	**-**	**(3)**	**144**
Nuclear refueling outage reserve	**5**	**13**	**-**	**(3)**	**15**
2009					
Uncollectible accounts	$ 11	$ 18	$ (1)	$ (18)	$ 10
Fossil fuel plants dismantlement reserve	145	1	-	(3)	143
Nuclear refueling outage reserve	14	18	-	(27)	5
2008					
Uncollectible accounts	$ 10	$ 14	$ 1	$ (14)	$ 11
Fossil fuel plants dismantlement reserve	144	1	-	-	145
Nuclear refueling outage reserve	2	12	-	-	14

[a] Deductions from valuation accounts represent write-offs, net of recoveries.
[b] Includes $18 million related to other non-customer receivables.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2011

PROGRESS ENERGY, INC.
(Registrant)

By: /s/ William D. Johnson
William D. Johnson
Chairman, President and Chief Executive Officer

By: /s/ Mark F. Mulhern
Mark F. Mulhern
Senior Vice President and Chief Financial Officer

By: /s/ Jeffrey M. Stone
Jeffrey M. Stone
Chief Accounting Officer and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ William D. Johnson (William D. Johnson)	Chairman	February 28, 2011
/s/ John D. Baker II (John D. Baker II)	Director	February 28, 2011
/s/ James E. Bostic, Jr. (James E. Bostic, Jr.)	Director	February 28, 2011
/s/ Harris E. DeLoach, Jr. (Harris E. DeLoach, Jr.)	Director	February 28, 2011
/s/ James B. Hyler, Jr. (James B. Hyler, Jr.)	Director	February 28, 2011
/s/ Robert W. Jones (Robert W. Jones)	Director	February 28, 2011
/s/ W. Steven Jones (W. Steven Jones)	Director	February 28, 2011
/s/ Melquiades R. Martinez (Melquiades R. Martinez)	Director	February 28, 2011
/s/ E. Marie McKee (E. Marie McKee)	Director	February 28, 2011

/s/ John H. Mullin, III (John H. Mullin, III)	Director	February 28, 2011
/s/ Charles W. Pryor, Jr. (Charles W. Pryor, Jr.)	Director	February 28, 2011
/s/ Carlos A. Saladrigas (Carlos A. Saladrigas)	Director	February 28, 2011
/s/ Theresa M. Stone (Theresa M. Stone)	Director	February 28, 2011
/s/ Alfred C. Tollison, Jr. (Alfred C. Tollison, Jr.)	Director	February 28, 2011

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2011

CAROLINA POWER & LIGHT COMPANY
(Registrant)

By: /s/ Lloyd M. Yates
Lloyd M. Yates
President and Chief Executive Officer

By: /s/ Mark F. Mulhern
Mark F. Mulhern
Senior Vice President and Chief Financial Officer

By: /s/ Jeffrey M. Stone
Jeffrey M. Stone
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ William D. Johnson (William D. Johnson)	Chairman	February 28, 2011
/s/ Jeffrey A. Corbett (Jeffrey A. Corbett)	Director	February 28, 2011
/s/ Jeffrey J. Lyash (Jeffrey J. Lyash)	Director	February 28, 2011
/s/ John R. McArthur (John R. McArthur)	Director	February 28, 2011
/s/ Mark F. Mulhern (Mark F. Mulhern)	Director	February 28, 2011
/s/ James Scarola (James Scarola)	Director	February 28, 2011
/s/ Paula J. Sims (Paula J. Sims)	Director	February 28, 2011
/s/ Lloyd M. Yates (Lloyd M. Yates)	Director	February 28, 2011

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2011

FLORIDA POWER CORPORATION
(Registrant)

By: /s/ Vincent M. Dolan
Vincent M. Dolan
President and Chief Executive Officer

By: /s/ Mark F. Mulhern
Mark F. Mulhern
Senior Vice President and Chief Financial Officer

By: /s/ Jeffrey M. Stone
Jeffrey M. Stone
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ William D. Johnson (William D. Johnson)	Chairman	February 28, 2011
/s/ Vincent M. Dolan (Vincent M. Dolan)	Director	February 28, 2011
/s/ Michael A. Lewis (Michael A. Lewis)	Director	February 28, 2011
/s/ Jeffrey J. Lyash (Jeffrey J. Lyash)	Director	February 28, 2011
/s/ John R. McArthur (John R. McArthur)	Director	February 28, 2011
/s/ Mark F. Mulhern (Mark F. Mulhern)	Director	February 28, 2011
/s/ Paula J. Sims (Paula J. Sims)	Director	February 28, 2011

EXHIBIT INDEX

Number	Exhibit	Progress Energy, Inc.	PEC	PEF
*2a(1)	Agreement and Plan of Merger, dated as of January 8, 2011, by and among Duke Energy Corporation, Diamond Acquisition Corporation and Progress Energy, Inc. (filed as Exhibit 2.1 to the Current Report on Form 8-K dated January 8, 2011, File No. 1-15929).	X		
*3a(1)	Restated Charter of Carolina Power & Light Company, as amended May 10, 1995 (filed as Exhibit No. 3(i) to Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1995, File No. 1-3382).		X	
*3a(2)	Restated Charter of Carolina Power & Light Company as amended on May 10, 1996 (filed as Exhibit No. 3(i) to Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997, File No. 1-3382).		X	
*3a(3)	Amended and Restated Articles of Incorporation of Progress Energy, Inc. (f/k/a CP&L Energy, Inc.), as amended and restated on June 15, 2000 (filed as Exhibit No. 3a(1) to Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, File No. 1-15929 and No. 1-3382).	X		
*3a(4)	Amended and Restated Articles of Incorporation of Progress Energy, Inc. (f/k/a CP&L Energy, Inc.), as amended and restated on December 4, 2000 (filed as Exhibit 3b(1) to Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the SEC on March 28, 2002, File No. 1-15929).	X		
*3a(5)	Amended Articles of Incorporation of Progress Energy, Inc., as amended on May 10, 2006 (filed as Exhibit 3.A to Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, File No. 1-15929, 1-3382 and 1-3274).	X		
*3a(6)	Amended Articles of Incorporation of Florida Power Corporation (filed as Exhibit 3(a) to the Progress Energy Florida Annual Report on Form 10-K for the year ended December 31, 1991, as filed with the SEC on March 30, 1992, File No. 1-3274).			X
*3b(1)	By-Laws of Progress Energy, Inc., as amended on May 10, 2006 (filed as Exhibit 3.B to Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006, File No. 1-15929, 1-3382 and 1-3274).	X		

*3b(2)	By-Laws of Carolina Power & Light Company, as amended on May 13, 2009 (filed as Exhibit 3.B to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, File No. 1-15929, 1-3382 and 1-3274).	X	
*3b(3)	By-Laws of Florida Power Corporation, as amended September 20, 2010 (filed as Exhibit 3.1 to the Florida Power Corporation Current Report on Form 8-K, dated September 20, 2010, File No. 1-3274).		X
*4a(1)	Description of Preferred Stock and the rights of the holders thereof (as set forth in Article Fourth of the Restated Charter of Carolina Power & Light Company, as amended, and Sections 1-9, 15, 16, 22-27, and 31 of the By-Laws of Carolina Power & Light Company, as amended (filed as Exhibit 4(f), File No.33-25560).	X	
*4a(2)	Statement of Classification of Shares dated January 13, 1971, relating to the authorization of, and establishing the series designation, dividend rate and redemption prices for Carolina Power & Light Company's Serial Preferred Stock, $7.95 Series (filed as Exhibit 3(f), File No. 33-25560).	X	
*4a(3)	Statement of Classification of Shares dated September 7, 1972, relating to the authorization of, and establishing the series designation, dividend rate and redemption prices for Carolina Power & Light Company's Serial Preferred Stock, $7.72 Series (filed as Exhibit 3(g), File No. 33-25560).	X	
*4b(1)	Mortgage and Deed of Trust dated as of May 1, 1940 between Carolina Power & Light Company and The Bank of New York (formerly, Irving Trust Company) and Frederick G. Herbst (Douglas J. MacInnes, Successor), Trustees and the First through Fifth Supplemental Indentures thereto (Exhibit 2(b), File No. 2-64189); the Sixth through Sixty-sixth Supplemental Indentures (Exhibit 2(b)-5, File No. 2-16210; Exhibit 2(b)-6, File No. 2-16210; Exhibit 4(b)-8, File No. 2-19118; Exhibit 4(b)-2, File No. 2-22439; Exhibit 4(b)-2, File No. 2-24624; Exhibit 2(c), File No. 2-27297; Exhibit 2(c), File No. 2-30172; Exhibit 2(c), File No. 2-35694; Exhibit 2(c), File No. 2-37505; Exhibit 2(c), File No. 2-39002; Exhibit 2(c), File No. 2-41738; Exhibit 2(c), File No. 2-43439; Exhibit 2(c), File No. 2-47751; Exhibit 2(c), File No. 2-49347; Exhibit 2(c), File No. 2-53113; Exhibit 2(d), File No. 2-53113; Exhibit 2(c), File No. 2-59511; Exhibit 2(c), File No. 2-61611; Exhibit 2(d), File No. 2-64189; Exhibit 2(c), File No. 2-65514; Exhibits 2(c) and 2(d), File No. 2-66851; Exhibits 4(b)-1, 4(b)-2, and 4(b)-3, File No. 2-81299; Exhibits 4(c)-1 through 4(c)-8, File No. 2-95505; Exhibits 4(b) through 4(h), File No. 33-25560; Exhibits 4(b) and 4(c), File No. 33-33431;	X	

	Exhibits 4(b) and 4(c), File No. 33-38298; Exhibits 4(h) and 4(i), File No. 33-42869; Exhibits 4(e)-(g), File No. 33-48607; Exhibits 4(e) and 4(f), File No. 33-55060; Exhibits 4(e) and 4(f), File No. 33-60014; Exhibits 4(a) and 4(b) to Post-Effective Amendment No. 1, File No. 33-38349; Exhibit 4(e), File No. 33-50597; Exhibit 4(e) and 4(f), File No. 33-57835; Exhibit to Current Report on Form 8-K dated August 28, 1997, File No. 1-3382; Form of Carolina Power & Light Company First Mortgage Bond, 6.80% Series Due August 15, 2007 filed as Exhibit 4 to Form 10-Q for the period ended September 30, 1998, File No. 1-3382; Exhibit 4(b), File No. 333-69237; and Exhibit 4(c) to Current Report on Form 8-K dated March 19, 1999, File No. 1-3382.); and the Sixty-eighth Supplemental Indenture (Exhibit No. 4(b) to Current Report on Form 8-K dated April 20, 2000, File No. 1-3382; and the Sixty-ninth Supplemental Indenture (Exhibit No. 4b(2) to Annual Report on Form 10-K dated March 29, 2001, File No. 1-3382); and the Seventieth Supplemental Indenture, (Exhibit 4b(3) to Annual Report on Form 10-K dated March 29, 2001, File No. 1-3382); and the Seventy-first Supplemental Indenture (Exhibit 4b(2) to Annual Report on Form 10-K dated March 28, 2002, File No. 1-3382 and 1-15929); the Seventy-second Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated September 12, 2003, File No. 1-3382); the Seventy-third Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated March 22, 2005, File No. 1-3382); the Seventy-fourth Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated November 30, 2005, File No. 1-3382); the Seventy-fifth Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated March 13, 2008, File No. 1-3382); the Seventy-sixth Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated January 8, 2009, File No. 1-3382); and the Seventy-seventh Supplemental Indenture (Exhibit 4 to PEC Current Report on Form 8-K dated June 18, 2009, File No. 1-3382).	
*4b(2)	Indenture, dated as of January 1, 1944 (the "Indenture"), between Florida Power Corporation and Guaranty Trust Company of New York and The Florida National Bank of Jacksonville, as Trustees (filed as Exhibit B-18 to Florida Power's Registration Statement on Form A-2) (No. 2-5293) filed with the SEC on January 24, 1944).	X
*4b(3)	Seventh Supplemental Indenture (filed as Exhibit 4(b) to Florida Power Corporation's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991); and the Eighth Supplemental Indenture (filed as Exhibit 4(c) to Florida Power Corporation's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991); and the Sixteenth Supplemental Indenture (filed as Exhibit	X

	4(d) to Florida Power Corporation's Registration Statement on Form S-3 (No. 33-16788) filed with the SEC on September 27, 1991); and the Twenty-ninth Supplemental Indenture (filed as Exhibit 4(c) to Florida Power Corporation's Registration Statement on Form S-3 (No. 2-79832) filed with the SEC on September 17, 1982); and the Thirty-eighth Supplemental Indenture (filed as exhibit 4(f) to Florida Power's Registration Statement on Form S-3 (No. 33-55273) as filed with the SEC on August 29, 1994); and the Thirty-ninth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on July 23, 2001); and the Fortieth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on February 18, 2003); and the Forty-first Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on February 21, 2003); and the Forty-second Supplemental Indenture (filed as Exhibit 4 to Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 filed with the SEC on September 11, 2003); and the Forty-third Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on November 21, 2003); and the Forty-fourth Supplemental Indenture (filed as Exhibit 4.(m) to the Progress Energy Florida Annual Report on Form 10-K dated March 16, 2005); and the Forty-fifth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K, filed on May 16, 2005); and the Forty-sixth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on September 19, 2007); the Forty-seventh Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on December 13, 2007); the Forty-eighth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on June 18, 2008); and the Forty-ninth Supplemental Indenture (filed as Exhibit 4 to Current Report on Form 8-K filed with the SEC on March 25, 2010).			
*4b(4)	Indenture, dated as of December 7, 2005, between Florida Power Corporation and J.P. Morgan Trust Company, National Association, as Trustee with respect to Senior Notes, (filed as Exhibit 4(a) to Current Report on Form 8-K dated December 13, 2005, File No. 1-3274).			X
*4b(5)	Indenture, dated as of February 15, 2001, between Progress Energy, Inc. and Bank One Trust Company, N.A., as Trustee, with respect to Senior Notes (filed as Exhibit 4(a) to Form 8-K dated February 27, 2001, File No. 1-15929).	X		
*4c	Indenture (for Senior Notes), dated as of March 1, 1999 between Carolina Power & Light Company and The Bank of New York, as Trustee, (filed as Exhibit No. 4(a) to		X	

	Current Report on Form 8-K dated March 19, 1999, File No. 1-3382), and the First and Second Supplemental Senior Note Indentures thereto (Exhibit No. 4(b) to Current Report on Form 8-K dated March 19, 1999, File No. 1-3382); Exhibit No. 4(a) to Current Report on Form 8-K dated April 20, 2000, File No. 1-3382).		
*4d	Indenture (For Debt Securities), dated as of October 28, 1999 between Carolina Power & Light Company and The Chase Manhattan Bank, as Trustee (filed as Exhibit 4(a) to Current Report on Form 8-K dated November 5, 1999, File No. 1-3382), (Exhibit 4(b) to Current Report on Form 8-K dated November 5, 1999, File No. 1-3382).		X
*4e	Contingent Value Obligation Agreement, dated as of November 30, 2000, between CP&L Energy, Inc. and The Chase Manhattan Bank, as Trustee (Exhibit 4.1 to Current Report on Form 8-K dated December 12, 2000, File No. 1-3382).	X	
*10a(1)	Purchase, Construction and Ownership Agreement dated July 30, 1981 between Carolina Power & Light Company and North Carolina Municipal Power Agency Number 3 and Exhibits, together with resolution dated December 16, 1981 changing name to North Carolina Eastern Municipal Power Agency, amending letter dated February 18, 1982, and amendment dated February 24, 1982 (filed as Exhibit 10(a), File No. 33-25560).		X
*10a(2)	Operating and Fuel Agreement dated July 30, 1981 between Carolina Power & Light Company and North Carolina Municipal Power Agency Number 3 and Exhibits, together with resolution dated December 16, 1981 changing name to North Carolina Eastern Municipal Power Agency, amending letters dated August 21, 1981 and December 15, 1981, and amendment dated February 24, 1982 (filed as Exhibit 10(b), File No. 33-25560).		X
*10a(3)	Power Coordination Agreement dated July 30, 1981 between Carolina Power & Light Company and North Carolina Municipal Power Agency Number 3 and Exhibits, together with resolution dated December 16, 1981 changing name to North Carolina Eastern Municipal Power Agency and amending letter dated January 29, 1982 (filed as Exhibit 10(c), File No. 33-25560).		X
*10a(4)	Amendment dated December 16, 1982 to Purchase, Construction and Ownership Agreement dated July 30, 1981 between Carolina Power & Light Company and North Carolina Eastern Municipal Power Agency (filed as Exhibit 10(d), File No. 33-25560).		X
*10b(1)	Progress Energy, Inc. $1,130,000,000 5-Year Revolving Credit Agreement dated as of May 3, 2006 (filed as	X	

	Exhibit 10(c) to Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006, File No. 1-15929, 1-3274 and 1-3382).			
*10b(2)	Carolina Power & Light Company 3-Year $750,000,000 Credit Agreement, dated as of October 15, 2010 (filed as Exhibit 10.1 to Current Report on Form 8-K dated October 15, 2010, File No. 1-15929, 1-3382 and 1-3274).		X	
*10b(3)	Florida Power Corporation 3-Year $750,000,000 Credit Agreement, dated as of October 15, 2010 (filed as Exhibit 10.2 to Current Report on Form 8-K dated October 15, 2010, File No. 1-15929, 1-3382 and 1-3274).			X
-+*10c(1)	Retirement Plan for Outside Directors (filed as Exhibit 10(i), File No. 33-25560).		X	
+*10c(2)	Resolutions of Board of Directors dated July 9, 1997, amending the Deferred Compensation Plan for Key Management Employees of Carolina Power & Light Company.		X	
+*10c(3)	Progress Energy, Inc. Form of Stock Option Agreement (filed as Exhibit 4.4 to Form S-8 dated September 27, 2001, File No. 333-70332).	X	X	X
+*10c(4)	Progress Energy, Inc. Form of Stock Option Award (filed as Exhibit 4.5 to Form S-8 dated September 27, 2001, File No. 333-70332).	X	X	X
+*10c(5)	2002 Progress Energy, Inc. Equity Incentive Plan, Amended and Restated effective January 1, 2007 (filed as Exhibit 10c(5) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(6)	Amended and Restated Broad-Based Performance Share Sub-Plan, Exhibit B to the 2002 Progress Energy, Inc. Equity Incentive Plan, effective January 1, 2007 (filed as Exhibit 10c(6) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(7)	Amended and Restated Executive and Key Manager Performance Share Sub-Plan, Exhibit A to the 2002 Progress Energy, Inc. Equity Incentive Plan (effective January 1, 2007) (filed as Exhibit 10c(7) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X

+*10c(8)	Progress Energy, Inc. 2007 Equity Incentive Plan (filed as Exhibit C to Form DEF 14A, as filed with the SEC on March 30, 2007, File No. 1-15929).	X	X	X
+*10c(9)	Executive and Key Manager 2007 Performance Share Sub-Plan, Exhibit A to the 2007 Equity Incentive Plan, effective January 1, 2007 (filed as Exhibit 10.1 to Current Report on Form 8-K dated July 16, 2007, File No. 1-15929, No. 1-3382 and No. 1-3274).	X	X	X
+*10c(10)	Amended and Restated Management Deferred Compensation Plan of Progress Energy, Inc., effective as of January 1, 2007 (filed as Exhibit 10c(9) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(11)	Amended and Restated Non-Employee Director Deferred Compensation Plan of Progress Energy, Inc., effective January 1, 2007 (filed as Exhibit 10c(11) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(12)	Amended and Restated Restoration Retirement Plan of Progress Energy, Inc., effective January 1, 2007 (filed as Exhibit 10c(12) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(13)	Amended and Restated Non-Employee Director Stock Unit Plan of Progress Energy, Inc., effective January 1, 2007 (filed as Exhibit 10c(14) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).	X	X	X
+*10c(14)	Form of Progress Energy, Inc. Restricted Stock Agreement pursuant to the 2002 Progress Energy Inc. Equity Incentive Plan, as amended July 2002 (filed as Exhibit 10c(18) to Annual Report on Form 10-K for the year ended December 31, 2004, as filed with the SEC on March 16, 2005, File No. 1-3382 and 1-15929).	X	X	X
+*10c(15)	Form of Restricted Stock Unit Award Agreement as of March 20, 2007 (filed as Exhibit 10.1 to Current Report on Form 8-K dated March 26, 2007, File No. 1- 15929, No. 1-3382 and No. 1-3274).	X	X	X
+*10c(16)	Form of Employment Agreement dated May 8, 2007 between (i) Progress Energy Service Company, LLC and Robert McGehee, John R. McArthur and Peter M. Scott III; (ii) PEC and Lloyd M. Yates, Fredrick N. Day IV,	X	X	X

	Paula M. Sims, William D. Johnson and Clayton S. Hinnant; and (iii) PEF and Jeffrey A. Corbett and Jeffrey J. Lyash (filed as Exhibit 10 to Quarterly Report on Form 10-Q for the period ended March 31, 2007, File No. 1-15929, No. 1-3382 and No. 1-3274).			
+*10c(17)	Form of Employment Agreement between Progress Energy Service Company, LLC and Mark F. Mulhern dated September 18, 2007 (filed as Exhibit 10 to Quarterly Report on Form 10-Q for the period ended March 31, 2007, File No. 1-15929, No. 1-3382 and No. 1-3274).	X		
+*10c(18)	Amendment, dated August 5, 2005, to Employment Agreement dated between Progress Energy Service Company, LLC and Peter M. Scott III (filed as Exhibit 10 to Quarterly Report on Form 10-Q for the period ended June 30, 2005, File No. 1-15929, 1-3382 and 1-3274).	X	X	X
+*10c(19)	Selected Executives Supplemental Deferred Compensation Program Agreement, dated August, 1996, between CP&L and C. S. Hinnant (filed as Exhibit 10c(22) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).		X	
+*10c(20)	Form of Executive Permanent Life Insurance Agreement (filed as Exhibit 10c(23) to Annual Report on Form 10-K for the year ended December 31, 2006, as filed with the SEC on March 1, 2007, File No. 1-3382, No. 1-15929, and No. 1-3274).			
+10c(21)	Progress Energy, Inc. Management Change-in-Control Plan (Amended and Restated Effective January 1, 2008).	X	X	X
+*10c(22)	Form of Executive and Key Manager 2008 Performance Share Sub-Plan (filed as Exhibit 10(a) to Quarterly Report on Form 10-Q for the period ended March 31, 2008, File No. 1-15929, 1-3382 and 1-3274).	X	X	X
+*10c(23)	Form of Restricted Stock Unit Award Agreement (filed as Exhibit 10(b) to Quarterly Report on Form 10-Q for the period ended March 31, 2008, File No. 1-15929, 1-3382 and 1-3274).	X	X	X
+*10c(24)	Amended and Restated Supplemental Senior Executive Retirement Plan of Progress Energy, Inc., effective January 1, 2009 (filed as Exhibit 10(A) to Quarterly Report on Form 10-Q for the period ended March 31, 2009, File No. 1-15929, 1-3382 and 1-3274).	X	X	X

+*10c(25)	Executive and Key Manager 2009 Performance Share Sub-Plan (filed as Exhibit 10.1 to Current Report on Form 8-K dated March 17, 2009, File No. 1-15929).	X	X	X
+*10c(26)	Form of Progress Energy, Inc. Restricted Stock Unit Award Agreement (filed as Exhibit 10.2 to Current Report on Form 8-K dated March 17, 2009, File No. 1-15929).	X	X	X
+*10c(27)	Amended Management Incentive Compensation Plan of Progress Energy, Inc., as amended January 1, 2010 (filed as Exhibit 10.3 to Current Report on Form 8-K dated March 17, 2009, File No. 1-15929).	X	X	X
+*10c(28)	Progress Energy, Inc. 2009 Executive Incentive Plan, effective March 17, 2009 (filed as Exhibit D to Form DEF 14A, as filed with the SEC on March 31, 2009, File No. 1-15929)	X		
+*10c(29)	Amended and Restated Management Incentive Compensation Plan of Progress Energy, Inc., effective September 1, 2010 (filed as Exhibit 10(a) to Quarterly Report on Form 10-Q for the period ended June 30, 2010, File No. 1-15929, 1-3382 and 1-3274).	X	X	X
+*10c(30)	Amended and Restated Management Deferred Compensation Plan of Progress Energy, Inc., effective September 1, 2010 (filed as Exhibit 10(b) to Quarterly Report on Form 10-Q for the period ended June 30, 2010, File No. 1-15929, 1-3382 and 1-3274).	X	X	X
+*10c(31)	Employment Agreement Term Sheet for William D. Johnson in connection with the Agreement and Plan of Merger, dated as of January 8, 2011, by and among Duke Energy Corporation, Diamond Acquisition Corporation and Progress Energy, Inc. (Exhibit C to the Agreement and Plan of Merger filed as Exhibit 2.1 to the Current Report on Form 8-K, dated January 8, 2011, File No. 1-15929).	X		
+*10c(32)	Form of Letter Agreement, dated January 8, 2011, executed by certain officers of Progress Energy, Inc., waiving certain rights under Progress Energy, Inc.'s Management Change-in-Control Plan and their employment agreements (filed as Exhibit 10.1 to the Current Report on Form 8-K dated January 8, 2011, File No. 1-15929).	X		
*10d(1)	Agreement dated November 18, 2004 between Winchester Production Company, Ltd., TGG Pipeline Ltd., Progress Energy, Inc. and EnCana Oil & Gas (USA), Inc. (filed as Exhibit 10d(1) to Annual Report on Form 10-K for the year ended December 31, 2004, as filed with the SEC on March 16, 2005, File No. 1-3382 and 1-15929).	X		X

*10d(2)	Precedent and Related Agreements among Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("PEF"), Southern Natural Gas Company, Florida Gas Transmission Company ("FGT"), and BG LNG Services, LLC ("BG"), including: a) Precedent Agreement by and between Southern Natural Gas Company and PEF, dated December 2, 2004; b) Gas Sale and Purchase Contract between BG and PEF, dated December 1, 2004; c) Interim Firm Transportation Service Agreement by and between FGT and PEF, dated December 2, 2004; d) Letter Agreement between FGT and PEF, dated December 2, 2004 and Firm Transportation Service Agreement by and between FGT and PEF to be entered into upon satisfaction of certain conditions precedent; e) Discount Agreement between FGT and PEF, dated December 2, 2004; f) Amendment to Gas Sale and Purchase Contract between BG and PEF, dated January 28, 2005; and g) Letter Agreement between FGT and PEF, dated January 31, 2005, (filed as Exhibit 10.1 to Current Report on Form 8-K/A filed March 15, 2005). (Confidential treatment has been requested for portions of this exhibit. These portions have been omitted from the above-referenced Current Report and submitted separately to the SEC.)	X		X
*10d(3)	Engineering, Procurement and Construction Agreement, dated as of December 31, 2008, between Florida Power Corporation d/b/a/ Progress Energy Florida, Inc., as owner, and a consortium consisting of Westinghouse Electric Company LLC and Stone & Webster, Inc., as contractor, for a two-unit AP1000 Nuclear Power Plant (filed as Exhibit 10.1 to Current Report on Form 8-K filed on March 2, 2009). (The Registrants' have requested confidential treatment for certain portions of this exhibit pursuant to an application for confidential treatment submitted to the SEC. These portions have been omitted from the above-referenced Current Report and submitted separately to the SEC.)	X		X
12(a)	Computation of Ratio of Earnings to Fixed Charges.	X		
12(b)	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Dividends Combined.		X	
12(c)	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Dividends Combined.			X
18	Preferability Letter of Deloitte & Touche LLP.	X		

21	Subsidiaries of Progress Energy, Inc.	X		
23(a)	Consent of Deloitte & Touche LLP.	X		
23(b)	Consent of Deloitte & Touche LLP.		X	
23(c)	Consent of Deloitte & Touche LLP.			X
31(a)	302 Certification of Chief Executive Officer	X		
31(b)	302 Certification of Chief Financial Officer	X		
31(c)	302 Certification of Chief Executive Officer		X	
31(d)	302 Certification of Chief Financial Officer		X	
31(e)	302 Certification of Chief Executive Officer			X
31(f)	302 Certification of Chief Financial Officer			X
32(a)	906 Certification of Chief Executive Officer	X		
32(b)	906 Certification of Chief Financial Officer	X		
32(c)	906 Certification of Chief Executive Officer		X	
32(d)	906 Certification of Chief Financial Officer		X	
32(e)	906 Certification of Chief Executive Officer			X
32(f)	906 Certification of Chief Financial Officer			X
101.INS	XBRL Instance Document**	X		
101.SCH	XBRL Taxonomy Extension Schema Document	X		
101.CAL	XBRL Taxonomy Calculation Linkbase Document	X		
101.LAB	XBRL Taxonomy Label Linkbase Document	X		
101.PRE	XBRL Taxonomy Presentation Linkbase Document	X		
101.DEF	XBRL Taxonomy Definition Linkbase Document	X		

*Incorporated herein by reference as indicated.

+Management contract or compensation plan or arrangement required to be filed as an exhibit to this report pursuant to Item 14 (c) of Form 10-K.

-Sponsorship of this management contract or compensation plan or arrangement was transferred from Carolina Power & Light Company to Progress Energy, Inc., effective August 1, 2000.

**Attached as Exhibit 101 are the following financial statements and notes thereto for Progress Energy from the Annual Report on Form 10-K for the year ended December 31, 2010, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the

Consolidated Statement of Cash Flows, (iv) the Consolidated Statements of Changes in Total Equity, (v) the Consolidated Statements of Comprehensive Income and (vi) the Notes to the Consolidated Financial Statements.

In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K is deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act and otherwise is not subject to liability under these sections.

Exhibit No. 12(a)

PROGRESS ENERGY, INC.
Computation of Ratio of Earnings to Fixed Charges
For the Years Ended December 31

(dollars in millions)	**2010**	2009	2008	2007	2006
EARNINGS, AS DEFINED:					
Income from continuing operations	**$ 867**	$ 840	$ 778	$ 702	$ 567
Fixed charges, as below	**807**	740	698	625	652
Preferred dividend requirements	**(7)**	(7)	(7)	(7)	(7)
Income from continuing operations attributable to noncontrolling interests, net of tax	**(7)**	(4)	(5)	(9)	(16)
Income taxes, as below	**534**	392	390	329	334
Total earnings, as defined	**$ 2,194**	$ 1,961	$ 1,854	$ 1,640	$ 1,530
FIXED CHARGES, AS DEFINED:					
Interest on long-term debt	**$ 736**	$ 667	$ 618	$ 553	$ 619
Other interest	**43**	51	61	52	12
Imputed interest factor in rentals - charged principally to operating expenses	**21**	15	12	13	14
Preferred dividend requirements of subsidiaries	**7**	7	7	7	7
Total fixed charges, as defined	**$ 807**	$ 740	$ 698	$ 625	$ 652
INCOME TAXES:					
Income tax expense (benefit)	**$ 539**	$ 397	$ 395	$ 334	$ 339
Included in AFUDC - deferred taxes in book depreciation	**(5)**	(5)	(5)	(5)	(5)
Total income taxes	**$ 534**	$ 392	$ 390	$ 329	$ 334
Ratio of Earnings to Fixed Charges	**2.72**	2.65	2.66	2.62	2.35

Exhibit No. 12(b)

CAROLINA POWER & LIGHT COMPANY
d/b/a PROGRESS ENERGY CAROLINAS, INC.
Computation of Ratio of Earnings to Fixed Charges and
Ratio of Earnings to Fixed Charges and Preferred Dividends Combined
For the Years Ended December 31

(dollars in millions)	**2010**	2009	2008	2007	2006
EARNINGS, AS DEFINED:					
Net Income	$ **602**	$ 514	$ 534	$ 501	$ 457
Fixed charges, as below	**223**	219	227	223	225
Income attributable to noncontrolling interests, net of tax	**1**	2	-	-	-
Income taxes, as below	**345**	272	293	290	260
Total earnings, as defined	$ **1,171**	$ 1,007	$ 1,054	$ 1,014	$ 942
FIXED CHARGES, AS DEFINED:					
Interest on long-term debt	$ **193**	$ 197	$ 210	$ 214	$ 218
Other interest	**12**	10	9	1	(1)
Imputed interest factor in rentals - charged principally to operating expenses	**18**	12	8	8	8
Total fixed charges, as defined	**223**	219	227	223	225
Preferred dividends, as defined	**5**	5	5	5	5
Total fixed charges and preferred dividends combined	$ **228**	$ 224	$ 232	$ 228	$ 230
INCOME TAXES:					
Income tax expense	$ **350**	$ 277	$ 298	$ 295	$ 265
Included in AFUDC - deferred taxes in book depreciation	**(5)**	(5)	(5)	(5)	(5)
Total income taxes	$ **345**	$ 272	$ 293	$ 290	$ 260
Ratio of Earnings to Fixed Charges	**5.25**	4.60	4.64	4.55	4.19
Ratio of Earnings to Fixed Charges and Preferred Dividends Combined	**5.14**	4.50	4.54	4.45	4.10

Exhibit No. 12(c)

FLORIDA POWER CORPORATION
d/b/a PROGRESS ENERGY FLORIDA, INC.
Computation of Ratio of Earnings to Fixed Charges and
Ratio of Earnings to Fixed Charges and Preferred Dividends Combined
For the Years Ended December 31

(dollars in millions)	**2010**	2009	2008	2007	2006
EARNINGS, AS DEFINED:					
Net Income	$ **453**	$ 462	$ 385	$ 317	$ 328
Fixed charges, as below	**274**	261	239	188	159
Income taxes	**276**	209	181	144	193
Total earnings, as defined	$ **1,003**	$ 932	$ 805	$ 649	$ 680
FIXED CHARGES, AS DEFINED:					
Interest on long-term debt	$ **255**	$ 239	$ 220	$ 157	$ 145
Other interest	**16**	19	16	28	10
Imputed interest factor in rentals - charged principally to operating expenses	**3**	3	3	3	4
Total fixed charges, as defined	**274**	261	239	188	159
Preferred dividends, as defined	**2**	2	2	2	2
Total fixed charges and preferred dividends combined	$ **276**	$ 263	$ 241	$ 190	$ 161
Ratio of Earnings to Fixed Charges	**3.66**	3.57	3.37	3.45	4.28
Ratio of Earnings to Fixed Charges and Preferred Dividends Combined	**3.63**	3.54	3.34	3.42	4.22

Exhibit No. 18

February 28, 2011

Progress Energy, Inc.
410 South Wilmington Street
Raleigh, North Carolina 27601

Dear Sirs/Madams:

We have audited the consolidated financial statements of Progress Energy, Inc. and subsidiaries as of December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, included in your Annual Report on Form 10-K to the Securities and Exchange Commission and have issued our report thereon dated February 28, 2011, which expresses an unqualified opinion. Note 1 to such consolidated financial statements contains a description of your adoption, during the year ended December 31, 2010, of your change in the date for the annual goodwill impairment test. In our judgment, such change is to an alternative accounting principle that is preferable under the circumstances.

Yours truly,

/s/ Deloitte & Touche LLP

Raleigh, North Carolina

Exhibit No. 21

PROGRESS ENERGY, INC.
List of Subsidiaries

The following is a list of certain direct and indirect subsidiaries of Progress Energy, Inc., and their respective states of incorporation as of December 31, 2010. All other subsidiaries, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.	North Carolina
Florida Progress Corporation	Florida
Florida Power Corporation d/b/a/ Progress Energy Florida, Inc.	Florida

Exhibit No. 23(a)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-70332 on Form S-8, Registration Statement No. 333-78157 on Form S-4, Registration Statement No. 333-104951 on Form S-8, Registration Statement No. 333-104952 on Form S-8, Registration Statement No. 333-155418 on Form S-3, Registration Statement No. 333-155418-03 on Form S-3, Registration Statement No. 333-155418-04 on Form S-3, Registration Statement No. 333-155418-05 on Form S-3, Registration Statement No. 333-155541 on Form S-8, and Registration Statement No. 333-155543 on Form S-8 of our reports dated February 28, 2011, relating to the consolidated financial statements and consolidated financial statement schedule of Progress Energy, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2010.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina
February 28, 2011

Exhibit No. 23(b)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-155418-02 on Form S-3 of our report dated February 28, 2011, relating to the consolidated financial statements and consolidated financial statement schedule of Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC") appearing in this Annual Report on Form 10-K of PEC for the year ended December 31, 2010.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina
February 28, 2011

Exhibit No. 23(c)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-155418-01 on Form S-3 of our report dated February 28, 2011, relating to the financial statements and financial statement schedule of Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("PEF") appearing in this Annual Report on Form 10-K of PEF for the year ended December 31, 2010.

/s/ Deloitte & Touche LLP

Raleigh, North Carolina
February 28, 2011

EXHIBIT (3)-b

Prospectus Supplement
(To Prospectus dated November 18, 2008)

Progress Energy

$600,000,000
Florida Power Corporation d/b/a
Progress Energy Florida, Inc.
First Mortgage Bonds
$250,000,000 4.55% Series due 2020
$350,000,000 5.65% Series due 2040

The 2020 bonds will mature on April 1, 2020 and the 2040 bonds will mature on April 1, 2040. We will pay interest on the bonds of each series on April 1 and October 1 of each year, beginning October 1, 2010. The bonds of each series will be issued only in denominations of $2,000 and integral multiples of $1,000 above that amount. We may redeem some or all of the bonds of each series at any time at the make-whole redemption price for that series as described in this prospectus supplement. See "Description of Bonds — Redemption — Optional Redemption." There is no sinking fund for either series of the bonds. The bonds are not obligations of, nor guaranteed by, Progress Energy, Inc., our corporate parent.

The bonds of each series are secured by the lien of our mortgage and rank equally with all of our other first mortgage bonds from time to time outstanding. The lien of our mortgage is discussed under "Description of First Mortgage Bonds — Ranking and Security" on page 6 of the accompanying prospectus.

We do not intend to list the bonds of either series on any securities exchange or to include them in any automated quotation system.

Investing in our bonds involves risks. See "Risk Factors" on page S-6 of this prospectus supplement and the Risk Factors section of our most recent Annual Report on Form 10-K.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the bonds or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price	Underwriting Discount	Proceeds to Us Before Expenses
Per 2020 Bond	99.943%	0.650%	99.293%
2020 Bond Total	$249,857,500	$1,625,000	$248,232,500
Per 2040 Bond	99.583%	0.875%	98.708%
2040 Bond Total	$348,540,500	$3,062,500	$345,478,000
Total	$598,398,000	$4,687,500	$593,710,500

The public offering price set forth above does not include accrued interest, if any. Interest on the bonds of each series will accrue from their issue date and must be paid by the purchasers if the bonds are delivered after that date.

The bonds of each series are expected to be delivered in global form through the book-entry delivery system of The Depository Trust Company, including for the accounts of Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking société anonyme, against payment in New York, New York on or about March 25, 2010.

Joint Book-Running Managers

BofA Merrill Lynch **J.P. Morgan** **Mitsubishi UFJ Securities**

Co-Managers

BNY Mellon Capital Markets, LLC
Citi
SunTrust Robinson Humphrey
Baird
BB&T Capital Markets

The date of this prospectus supplement is March 22, 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the bonds we are offering and certain other matters relating to us and our financial condition. The second part, the base prospectus, provides more general information about the securities that we may offer from time to time, some of which may not apply to the bonds we are offering hereby. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description of the bonds varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you or that is contained in any free writing prospectus relating to the bonds. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of the bonds in any jurisdiction where an offer or sale of them is not permitted. The information in this prospectus supplement may only be accurate as of the date of this document. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement to "Florida Power," "Progress Energy Florida," "we," "us," and "our," or similar terms, are to Florida Power Corporation d/b/a Progress Energy Florida, Inc. In this prospectus supplement, references to "2020 bonds" are to the 4.55% First Mortgage Bonds due April 1, 2020 and references to "2040 bonds" are to the 5.65% First Mortgage Bonds due April 1, 2040. References in this prospectus supplement to "bonds" are to the 2020 bonds and the 2040 bonds, collectively. The bonds are not obligations of, nor guaranteed by, Progress Energy, Inc., our corporate parent.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

We have included in this document, and in the documents incorporated by reference into this document, "forward-looking statements," as defined by the Private Securities Litigation Reform Act of 1995. We have used the words or phrases such as "anticipate," "will likely result," "will continue," "intend," "may," "expect," "believe," "plan," "will," "estimate," "should" and variations of such words and similar expressions in this document and in the documents incorporated by reference to identify such forward-looking statements. Forward-looking statements, by their nature, involve estimates, projections, goals, objectives, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond our control. Many, but not all of the factors that may impact actual results are discussed under the heading "Safe Harbor For Forward-Looking Statements" in the accompanying prospectus and under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this document, and under the "Risk Factors" section contained in this prospectus supplement. You should carefully read these sections. New factors emerge from time to time, and it is not possible for our management to predict all of such factors or to assess the effect of each such factor on our business.

Any forward-looking statement speaks only as of the date on which it is made; and, except to fulfill our obligations under the United States securities laws, we undertake no obligation to update any such statement to reflect events or circumstances after the date on which it is made.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus supplement, the accompanying prospectus, the financial statements and other documents incorporated by reference and any related free writing prospectus. You should carefully read the "Risk Factors" sections that are contained in this prospectus supplement, the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this document, to determine whether an investment in our bonds is appropriate for you.

Progress Energy Florida

We are a regulated public utility engaged in the generation, transmission, distribution and sale of electricity within an approximately 20,000 square mile service area. Our service area includes the cities of St. Petersburg and Clearwater, as well as the central Florida area surrounding Orlando.

At December 31, 2009, we billed approximately 1.6 million customers. For the twelve months ended December 31, 2009, approximately 53% of our electric revenues were derived from residential customers, 26% from commercial customers, 8% from wholesale customers, 6% from industrial customers and 7% from municipal customers.

At December 31, 2009, we had installed summer generating capacity of 10,013 megawatts, including approximately 120 megawatts of jointly-owned generating capacity, through a system of 14 power plants. For the twelve months ended December 31, 2009, our energy supply was comprised of approximately, 44% gas and oil, 25% coal, 20% purchased power and 11% nuclear.

Summary of the Offering

The following is a brief summary of the terms of this offering. For a more complete description of the terms of the bonds, see "Description of Bonds" beginning on page S-9 of this prospectus supplement and "Description of First Mortgage Bonds" beginning on page 4 of the accompanying prospectus.

Issuer	Florida Power Corporation d/b/a Progress Energy Florida, Inc. The bonds are not obligations of, nor guaranteed by, our parent company, Progress Energy, Inc.
Bonds Offered	We are offering $600,000,000 aggregate principal amount of first mortgage bonds in two series.
2020 Bonds	$250,000,000 aggregate principal amount. Interest Rate: 4.55% per year. Maturity Date: April 1, 2020.
2040 Bonds	$350,000,000 aggregate principal amount. Interest Rate: 5.65% per year. Maturity Date: April 1, 2040.
Interest Payment Dates	Interest on each series of the bonds will be payable semi-annually in arrears on April 1 and October 1, beginning October 1, 2010.
Optional Redemption	We may redeem some or all of the bonds of each series at any time, at our option, at the applicable make-whole redemption price described under "Description of Bonds — Redemption — Optional Redemption," plus accrued and unpaid interest to the redemption date.
Special Redemption	Upon the occurrence of specific events, we may redeem, at our option, the bonds of each series, together with all other outstanding first mortgage bonds, in whole, but not in part, at the make-whole redemption price described under "Description of Bonds — Redemption — Special Redemption," plus accrued and unpaid interest to the redemption date.
Ranking	The bonds of each series will be secured by the lien of the Mortgage, as defined in the accompanying prospectus, and will rank equally with all other outstanding first mortgage bonds. See "Description of Bonds — Ranking and Security." At December 31, 2009, we had outstanding approximately $4.041 billion in aggregate principal amount of first mortgage bonds.
Sinking Fund	There is no sinking fund for either series of bonds.
Issuance of Additional First Mortgage Bonds	Under the terms of the Mortgage, as of January 31, 2010, we could issue additional first mortgage bonds in amounts equal to approximately (i) $2.4 billion based upon the bondable value of property additions ($1.8 billion after giving effect to this offering) and (ii) $255.5 million based upon the amount of previously authenticated first mortgage bonds that have been cancelled or delivered for cancellation.

Further Issues of the Bonds	Initially, the 2020 bonds will be limited to $250 million in aggregate principal amount and the 2040 bonds will be limited to $350 million in aggregate principal amount. We may, subject to the provisions of the Mortgage, "reopen" each series of bonds and issue additional bonds of each series without the consent of the holders of the bonds.
Use of Proceeds	We expect to use the net proceeds from the sale of the bonds of approximately $590.8 million, after deducting underwriting discounts and estimated offering expenses, to retire the $300 million outstanding balance of our 4.50% First Mortgage Bonds due June 1, 2010, to repay the outstanding balance of our notes payable to affiliated companies and for general corporate purposes. Notes payable to affiliated companies represents our net position from our participation in an internal money pool. For additional information, see "Use of Proceeds."
Ratings	Currently, our senior secured credit ratings are "A1" (negative watch) by Moody's Investors Service, Inc., "A–" (negative outlook) by Standard & Poor's Ratings Services and "A+" (negative watch) by Fitch Ratings. A rating reflects only the view of a rating agency and is not a recommendation to buy, sell or hold the bonds. Any rating can be revised upward or downward or withdrawn at any time by a rating agency if it decides the circumstances warrant that change.
Trustee	The trustee under the Mortgage is The Bank of New York Mellon. In the normal course of business, the trustee or its affiliates may, from time to time, provide certain commercial banking, investment banking and securities underwriting services to us and our affiliates. BNY Mellon Capital Markets, LLC is one of the underwriters and is an affiliate of the Trustee.

Summary Financial Information

In the table below, we provide you with our summary financial information. The information is only a summary, and you should read it together with the financial information incorporated by reference in this document. See "Documents Incorporated by Reference" on page S-23 of this prospectus supplement and "Where You Can Find More Information" on page ii of the accompanying prospectus.

	Year Ended December 31,		
	2009	2008	2007
	(Dollars in Millions)		
Income Statement Data			
Operating revenues	$ 5,251	$ 4,731	$ 4,749
Operating income	802	680	586
Total interest charges, net	231	208	173
Net income	462	385	317
Balance Sheet Data (end of period):			
Total assets	13,100	12,471	10,063
Total debt (including capital lease obligations)	4,620	4,848	3,448
Other Data:			
Ratio of earnings to fixed charges(a)	3.57x	3.37x	3.45x
Capital expenditures	$ 1,527	$ 1,595	$ 1,258

(a) Ratios for the periods ended December 31 represent the ratios for the twelve-month periods ending on those dates. We define "earnings" as income before income taxes plus fixed charges and "fixed charges" as the sum of interest on long-term debt, other interest and an imputed interest factor included in rentals. The ratio of earnings to fixed charges for the years ended December 31, 2006 and 2005 were 4.28x and 3.76x, respectively.

RISK FACTORS

Investing in our securities involves risks that could affect us and our business as well as the energy industry generally. Please see the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this document. Much of the business information as well as the financial and operational data contained in our risk factors is updated in our periodic reports, which are also incorporated by reference into this document. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing our securities, you should carefully consider the risks discussed in our Annual Report on Form 10-K for the year ended December 31, 2009 and the other information in this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference herein and any related free writing prospectus. Each of the risks described could result in a decrease in the value of our securities and your investment therein.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the bonds of approximately $590.8 million, after deducting underwriting discounts and estimated offering expenses, as follows:

- $300 million to retire upon maturity all of our outstanding 4.50% First Mortgage Bonds due June 1, 2010;
- to repay the outstanding balance of our notes payable to affiliated companies; and
- the remainder for general corporate purposes.

At February 28, 2010, the balance of our notes payable to affiliated companies was $259 million and had an interest rate of approximately 0.29%. Notes payable to affiliated companies are payable upon demand, and if no demand is made, within 365 days of the date on which such funds are borrowed from the money pool. Notes payable to affiliated companies represents our net position from our participation in an internal money pool. We participate in the money pool to more effectively utilize cash resources and to reduce outside short-term borrowings. From time to time, we use commercial paper proceeds and money pool borrowings for, among other things, general corporate purposes.

To the extent any of the net proceeds are not immediately applied, we may temporarily invest them in U.S., state, or municipal government or agency obligations, commercial paper, bank certificates of deposit, or repurchase agreements collateralized by U.S. government or agency obligations, or we may deposit the proceeds with banks.

CAPITALIZATION AND SHORT-TERM DEBT

The following table sets forth our capitalization and short-term debt as of December 31, 2009. For a discussion of the application of the proceeds of this offering, see "Use of Proceeds."

	As of December 31, 2009 (Dollars in Millions)	
Short-term Debt		
Current Portion of Long-term Debt(a)	$ 300	3.3%
Notes Payable to Affiliated Companies(b)	221	2.4%
Long-term Debt		
First Mortgage Bonds	3,733	40.8%
Other Long-term Debt	150	1.6%
Capital Lease Obligations	216	2.4%
Total Debt	4,620	50.5%
Preferred Stock — Redemption Not Required	34	0.4%
Common Stock Equity	4,490	49.1%
Total Capitalization and Debt	$9,144	100%

(a) Includes $300 million aggregate principal amount of our 4.50% First Mortgage Bonds due June 1, 2010 that will be retired at maturity with the net proceeds of this offering. See "Use of Proceeds."

(b) Represents the net position from our participation in an internal money pool operated by our parent, Progress Energy, Inc. We participate in the money pool to more effectively utilize cash resources and to reduce outside short-term borrowings. Subsequent to December 31, 2009, we had additional money pool borrowings and, as of February 28, 2010, the balance of our notes payable to affiliated companies was $259 million. Our outstanding internal money pool borrowings will be repaid with the net proceeds of this offering. See "Use of Proceeds."

DESCRIPTION OF BONDS

We will issue the bonds under an Indenture, dated as of January 1, 1944, with The Bank of New York Mellon, as successor trustee (the "Mortgage Trustee"). The Indenture is supplemented by supplemental indentures. In the following discussion, we will refer to the Indenture and all indentures supplemental to the Indenture together as the "Mortgage."

Please read the following information concerning each series of the bonds in conjunction with the statements under "Description of First Mortgage Bonds" in the accompanying prospectus, which the following information supplements and, in the event of any inconsistencies, supersedes. Capitalized terms not defined in this prospectus supplement are used as defined in the Mortgage and supplemental indenture governing the bonds or as otherwise provided in the accompanying prospectus.

General

We will initially offer $600,000,000 aggregate principal amount of our first mortgage bonds, consisting of $250 million aggregate principal amount of 2020 bonds and $350 million aggregate principal amount of 2040 bonds. We are issuing each series of the bonds as a new series of first mortgage bonds under our Mortgage. The Forty-Ninth Supplemental Indenture, to be dated as of March 1, 2010, supplements, and will become a part of, the Mortgage and establishes the specific terms of the bonds. Except as provided under "— Basis for Issuance of the Bonds," we may, at any time, without the consent of the holders of the bonds, issue additional first mortgage bonds having the same ranking, interest rate, maturity and other terms as the bonds being offered hereby. Any such additional bonds, together with the bonds offered hereby, will be taken to constitute the same series of bonds under the Mortgage.

The bonds are not obligations of, or guaranteed by, Progress Energy, Inc.

Basis for Issuance of the Bonds

We will issue the bonds under the Mortgage based upon the value of bondable property additions.

As of January 31, 2010, we could issue under the Mortgage:

- based upon the value of bondable property additions, up to approximately $2.4 billion (approximately $1.8 billion after giving effect to this offering) of additional first mortgage bonds; and
- based upon the amount of previously authenticated first mortgage bonds that have been canceled or delivered for cancellation, approximately $255.5 million of additional first mortgage bonds.

Form and Denomination

The bonds of each series will initially be represented by one or more global securities that will be deposited with, or on behalf of, The Depository Trust Company, or DTC, and registered in the name of a nominee of DTC. Investors may hold interests in the bonds of each series through DTC if they are participants in DTC or indirectly through organizations that are participants in DTC, including Euroclear Bank S.A./N.V., as operator of the Euroclear system, or Clearstream Banking, société anonyme. The bonds of each series will be sold in denominations of $2,000 and integral multiples of $1,000 above that amount. For more information on DTC, see "— The Depositary" below.

Maturity, Interest and Payment

The 2020 bonds will mature on April 1, 2020, and the 2040 bonds will mature on April 1, 2040.

We will pay interest on the 2020 bonds and the 2040 bonds at 4.55% and 5.65% per year, respectively. Interest on each series of the bonds will accrue from and including the date of original issuance. We will pay interest on the bonds of each series on April 1 and October 1 of each year, beginning October 1, 2010. We will pay interest on the bonds of each series to the person(s) in whose name(s) the bonds of such series are registered at the close of business on the tenth calendar day next preceding the interest payment date, *provided,*

however, that so long as the bonds of either series are registered in the name of DTC, its nominee or a successor depositary, the record date for interest payable on any interest payment date shall be the close of business on the business day immediately preceding such interest payment date for the series of bonds so registered. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. If a due date for the payment of interest or principal falls on a day that is not a business day, then the payment will be made on the next succeeding business day, and no interest will accrue on the amounts payable for the period from and after the original due date and until the next business day.

Pursuant to the Mortgage, we will pay interest, to the extent enforceable under law, on any overdue installment of interest on the bonds of each series at the highest rate of interest payable on any of the first mortgage bonds outstanding under the Mortgage.

Ranking and Security

The bonds of each series will be secured by the lien of the Mortgage and will rank equally with all our other first mortgage bonds from time to time outstanding. At December 31, 2009, we had approximately $4.041 billion in aggregate principal amount of first mortgage bonds outstanding. In the opinion of our counsel, the Mortgage constitutes a first mortgage lien, subject only to permitted encumbrances and liens, on substantially all of the fixed properties owned by us, except miscellaneous properties specifically excepted. After-acquired property is covered by the lien of the Mortgage, subject to existing liens at the time such property is acquired.

Dividend Restrictions

As of December 31, 2009, we had retained earnings of approximately $2.7 billion. None of our retained earnings were restricted by provisions of the Mortgage described in the accompanying prospectus that restrict the amount of retained earnings that we can use to pay cash dividends on our common stock.

Redemption

The bonds of each series are redeemable prior to maturity, as set forth below. We have agreed that before any applicable redemption date for either series, we will deposit with the Mortgage Trustee a sum of money equal to the applicable redemption price. If we elect to redeem any bonds of either series, we will notify the Mortgage Trustee of our election at least 45 days prior to the redemption date, or a shorter period acceptable to the Mortgage Trustee, including in the notice of redemption a reasonably detailed computation of the redemption price. Our failure to make the required deposit will constitute a completed default under the Mortgage on the specified redemption date and the subject bonds or, in the case of a special redemption, all outstanding first mortgage bonds, including the bonds, shall immediately become due and payable.

Optional Redemption

We may redeem some or all of the bonds of each series at any time and from time to time, at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of the bonds then outstanding to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest on the bonds being redeemed, discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate applicable to each series of bonds plus 15 basis points in the case of the 2020 bonds and 20 basis points in the case of the 2040 bonds,

plus, in each case, accrued and unpaid interest on the principal amount being redeemed to the redemption date.

"Comparable treasury issue," applicable to each series means the United States Treasury security or securities selected by an independent investment banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the bonds of such series being redeemed that would be utilized,

at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such bonds of such series.

"Comparable treasury price," means, with respect to any redemption date, the average of the reference treasury dealer quotations (as defined below) for such redemption date.

"Independent investment banker," means one of the reference treasury dealer(s) (as defined below) appointed by us.

"Reference treasury dealer," means Banc of America Securities LLC or J.P. Morgan Securities Inc., and their respective successors, and one additional primary U.S. Government securities dealer in The City of New York (each a "primary treasury dealer") selected by us. If any reference treasury dealer shall cease to be a primary treasury dealer, we will substitute another primary treasury dealer for that dealer.

"Reference treasury dealer quotations," means, with respect to each reference treasury dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by such reference treasury dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

"Treasury rate," applicable to each series means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to actual or interpolated maturity (on a day count basis) of the comparable treasury issue for such series, assuming a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for such redemption date.

So long as the bonds of either series are registered in the name of DTC, its nominee or a successor depositary, if we elect to redeem less than all of the bonds of such series, DTC's practice is to determine by lot the amount of the interest of each Direct Participant, as defined below, in the bonds of such series to be redeemed. At all other times, the Mortgage Trustee shall draw by lot, in such manner as it deems appropriate, the particular bonds of such series, or portions of them, to be redeemed. Notice of redemption shall be given by mail not less than 30 nor more than 90 days prior to the date fixed for redemption to the holders of bonds of such series to be redeemed, which, as long as the bonds of such series are held in the book-entry only system, will be DTC, its nominee or a successor depositary. On and after the date fixed for redemption (unless we default in the payment of the redemption price and interest accrued thereon to such date), interest on the bonds of such series, or the portions of them so called for redemption, shall cease to accrue. For further information on DTC and its practices, see "— The Depositary" below.

Special Redemption

The bonds of each series, together with all other outstanding first mortgage bonds, are redeemable as a whole, but not in part, at our option, at the prices set forth below, upon not more than 90 days' notice in the event that:

- all of our outstanding common stock is acquired by some governmental body or instrumentality and we elect to redeem all outstanding first mortgage bonds, including the bonds; or

- all, or substantially all, of the mortgaged and pledged property constituting bondable property, as defined in the Mortgage, that is then subject to the Mortgage as a first lien shall be released from the lien of the Mortgage pursuant to the provisions thereof, and available moneys held by the Mortgage Trustee, including any moneys deposited by us for the purpose, are sufficient to redeem all outstanding first mortgage bonds, including the bonds, at the applicable redemption prices (together with accrued interest to the date of redemption) upon the happening of such event.

In the event of a special redemption, the bonds of each series will be redeemable at the make-whole redemption price set forth above under "— Optional Redemption."

Sinking Fund

The bonds of each series will not be entitled to the benefit of any sinking fund, or to a special redemption by operation of a sinking fund.

Concerning the Trustee

The trustee under the Mortgage is The Bank of New York Mellon. In the normal course of business, the Trustee or its affiliates may, from time to time, provide certain commercial banking, investment banking and securities underwriting services to us and our affiliates. BNY Mellon Capital Markets, LLC is one of the underwriters and is an affiliate of the Trustee.

The Depositary

DTC is a:

- limited-purpose trust company organized under the New York Banking Law;
- "banking organization" within the meaning of the New York Banking Law;
- member of the Federal Reserve System;
- "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds securities that its Participants, as defined below, deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts. This book-entry system eliminates the need for physical movement of securities certificates.

Participants in DTC include direct participants ("Direct Participants") and indirect participants ("Indirect Participants," and, together with Direct Participants, "Participants"). Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to Indirect Participants, which include, among others, securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission ("SEC").

Purchases of bonds under DTC's system must be made by or through Direct Participants, which will receive a credit for the bonds on DTC's records. The ownership interest of each actual purchaser of bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase; rather, Beneficial Owners are expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

To facilitate subsequent transfers, all bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

So long as Cede & Co., as nominee for DTC, is the sole holder of the bonds, the Mortgage Trustee shall treat Cede & Co. as the only holder of the bonds for all purposes, including receipt of all principal of,

premium, if any, and interest on such bonds, receipt of notices, and voting and requesting or directing the Mortgage Trustee to take or not to take, or consent to, certain actions.

We, or, at our request, the Mortgage Trustee, will send any redemption notices to DTC. If we redeem less than all of the bonds, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the bonds. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the bonds are credited on the record date and includes an attached list identifying such Direct Participants. Further, we believe that it is the policy of DTC that it will take any action permitted to be taken by a holder of bonds only at the direction of one or more Direct Participants to whose account interests in the bonds are credited and only in respect of such portion of the aggregate principal amount of the bonds as to which such Direct Participant or Participants has or have given such direction.

Principal of, and premium, if any, and interest payments on the bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the applicable payment date in accordance with the Direct Participants' respective holdings shown on DTC's records on the calendar day immediately preceding the applicable payment date unless DTC has reason to believe that it will not receive payment. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participants and not of DTC, the Mortgage Trustee or us, subject to applicable statutory or regulatory requirements. Payment of principal, premium, if any, and interest to DTC is our responsibility, or the responsibility of the Mortgage Trustee with funds we provide. Disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

Neither we, the Mortgage Trustee nor any underwriter makes any representation as to the accuracy of the above description of DTC's business, organization and procedures, which is based on information received from sources we believe to be reliable.

The Mortgage provides that if:

- the depositary gives reasonable notice to us or to the Mortgage Trustee that it is unwilling or unable to continue as depositary and a successor depositary is not appointed by us within 90 days, or
- the depositary ceases to be eligible under the Mortgage and a successor depositary is not appointed by us within 90 days, or
- we decide to discontinue use of the system of book-entry transfers through the depositary or its successor,

the global bonds will be exchanged for bonds in definitive form of like tenor and of an equal aggregate principal amount, in authorized denominations. The depositary will provide to the Mortgage Trustee the name or names in which the Mortgage Trustee is to register these definitive bonds.

We, the underwriters and the Mortgage Trustee have no responsibility or obligation to DTC Participants or the Beneficial Owners with respect to:

- the accuracy of any records maintained by DTC or any Participant;
- the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of, premium, if any, and interest on, the bonds;
- the delivery or timeliness of delivery by DTC to any Participant or by any Participant to any Beneficial Owner of any notice that is required or permitted under the terms of the Mortgage; or
- any other action taken by DTC or its nominee, Cede & Co., as holder of the bonds.

A further description of DTC's procedures with respect to the bonds is set forth under "Global Securities" in the accompanying prospectus.

Clearstream, Luxembourg. Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector *(Commission de Surveillance du Secteur Financier).* Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in any bonds held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

Euroclear. Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to any bonds held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the Terms and Conditions, to the extent received by the U.S. depositary for the Euroclear system.

Global Clearance and Settlement Procedures. Settlement for any bonds will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system

by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of any bonds received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such bonds settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of any bonds by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

The information in this section concerning DTC and DTC's book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable. Neither we nor the underwriters take any responsibility for the accuracy of this information.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS

The following general discussion summarizes certain material U.S. federal income and, for certain foreign persons, estate tax aspects of the purchase, ownership and disposition of the bonds. This discussion is a summary for general information only and does not consider all aspects of U.S. federal tax that may be relevant to the purchase, ownership and disposition of the bonds. This discussion also does not address the U.S. federal tax consequences of the purchase, ownership or disposition of bonds not held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), or the U.S. federal tax consequences to investors subject to special treatment under the U.S. federal tax laws, such as, without limitation:

- dealers in securities or foreign currencies;
- tax-exempt entities;
- banks and other financial institutions;
- thrifts;
- insurance companies;
- persons that hold the bonds as part of a "straddle," "hedge" or "conversion transaction";
- U.S. holders (as defined below) that have a "functional currency" other than the U.S. dollar;
- pass-through entities (e.g., partnerships and grantor trusts) or investors who hold the bonds through pass-through entities; and
- certain former citizens or residents of the United States.

In addition, this discussion is limited to the U.S. federal income tax consequences to initial holders that purchase the bonds for cash at their initial "issue price" (i.e., the initial offering price to the public, excluding bond houses and brokers, at which a substantial amount of the bonds is sold) and does not discuss the tax consequences for subsequent purchasers of the bonds. It does not address the effect of the federal alternative minimum tax or describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

This discussion is based upon the Code, United States Treasury Regulations issued thereunder, Internal Revenue Service ("IRS") rulings and pronouncements and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect). We have not and will not seek any rulings or opinions from the IRS or counsel regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the bonds that are different from those discussed below.

This summary is not, and should not be construed to be, legal or tax advice to any particular investor. Persons considering the purchase of bonds should consult their own tax advisors concerning the application of U.S. federal tax laws, as well as the laws of any state, local or foreign taxing jurisdiction, or under any applicable tax treaty, and the possible effect of changes in applicable tax law to their particular situations.

U.S. Holders

The following discussion is limited to the U.S. federal income tax consequences relevant to a "U.S. holder," which for purposes of this discussion means a beneficial owner of a bond that is:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized under the laws of the United States, any of its states or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if (i) a U.S. court is able to exercise primary supervision over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust, or (ii) in the case of a trust that was treated as a domestic trust under the law in effect prior to 1997, a valid election is in place under applicable Treasury regulations to treat such trust as a domestic trust.

In the case of a holder of the bonds that is classified as a partnership for U.S. federal income tax purposes, the tax treatment of the bonds to a partner of the partnership generally will depend upon the tax status of the partner and the activities of the partnership. A beneficial owner that is a partnership holding the bonds and partners in such a partnership should consult their own tax advisors. Certain U.S. federal tax consequences relevant to a holder other than a U.S. holder are discussed separately below.

Taxation of Stated Interest. Stated interest on the bonds generally will be includable in the income of a U.S. holder as ordinary interest income:

- when it accrues, if you use the accrual method of accounting for U.S. federal income tax purposes; or
- when you receive it, if you use the cash method of accounting for U.S. federal income tax purposes.

Additional Amounts. In the case of an optional redemption of the bonds (see "Description of Bonds — Redemption — Optional Redemption" and "— Special Redemption"), we may be obligated to pay an amount in excess of 100% of the principal amount of the bonds (plus accrued interest thereon). In the case of a default in payment (see "Description of Bonds — Maturity, Interest and Payment"), we may be required to pay additional interest. Under applicable Treasury regulations, the possibility that such amounts will be paid will not affect the amount, timing or character of income recognized by a U.S. holder with respect to the bonds if, as of the date the bonds were issued, there is only a remote chance that such an amount will be paid, the amount is incidental or certain other exceptions apply. We intend to treat these payment contingencies as not affecting the amount, timing or character of income recognized by a U.S. holder with respect to the bonds, and the remainder of this summary assumes such treatment. Our treatment of these payment contingencies is binding on holders except for a holder that discloses its contrary position in the manner required by applicable Treasury regulations. Our treatment of these payment contingencies is not, however, binding on the IRS, and if the IRS were to challenge such treatment, a U.S. holder might be required to accrue income on its bonds in excess of stated interest, and to treat as ordinary income rather than capital gain any gain realized on the taxable disposition of a bond before the resolution of such contingencies. Potential investors are urged to consult their own tax advisors regarding the potential treatment of the bonds as contingent payment debt instruments.

Sale or Other Taxable Disposition of Bonds. You must recognize taxable gain or loss on the sale, redemption or other taxable disposition of a bond. The amount of your gain or loss will equal the difference between the amount you receive for the bond (in cash or other property, valued at fair market value), minus the amount attributable to accrued interest on the bond (which will be treated as ordinary interest income to the extent not previously included in gross income), and your adjusted tax basis in the bond. Your initial tax basis in a bond equals the price you paid for the bond.

Any such gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if you hold the bond for more than one year. Long-term capital gains of certain noncorporate holders are currently eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. U.S. holders of bonds may be subject, under certain circumstances, to information reporting and backup withholding on payments of principal and premium, if any, and interest and on the gross proceeds from dispositions of bonds. Backup withholding applies only if the U.S. holder:

- fails to furnish its social security or other taxpayer identification number within a reasonable time after a request for such information;
- furnishes an incorrect taxpayer identification number;

- has been notified by the IRS that it is subject to backup withholding for failure to report properly interest or dividends; or
- fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding.

Backup withholding is not an additional tax. Any amount withheld from a payment to a U.S. holder under the backup withholding rules is allowable as a credit, and may entitle the holder to a refund, against such U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain persons are exempt from backup withholding, including corporations and financial institutions. U.S. holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such exemption.

We will furnish annually to the IRS, and to record holders of the bonds to whom we are required to furnish such information, information relating to the amount of interest paid and the amount of tax withheld, if any, with respect to payments on the bonds.

Non-U.S. Holders

The following discussion is limited to the U.S. federal income and estate tax consequences relevant to a holder of a bond that is neither a U.S. holder nor a partnership or other pass-through entity for U.S. federal income tax purposes (a "non-U.S. holder").

Non-U.S. holders should consult their tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described below.

Taxation of Stated Interest. Subject to the discussion of backup withholding below, payments of interest on a bond to any non-U.S. holder will generally not be subject to U.S. federal income or withholding tax, provided that:

- the non-U.S. holder is not:
  - — an actual or constructive owner (either directly or indirectly) of 10% or more of the total voting power of the voting stock of Progress Energy, Inc.;
  - — a controlled foreign corporation related (directly or indirectly) to us through actual or constructive stock ownership; or
  - — a bank receiving interest described in Section 881(c)(3)(A) of the Code;
- such interest payments are not effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States; and
- we or our paying agent receives:
  - — from the non-U.S. holder, a properly completed Form W-8BEN (or substitute Form W-8BEN or the appropriate successor form) under penalties of perjury, which provides the non-U.S. holder's name and address and certifies that the non-U.S. holder is a non-U.S. person; or
  - — from a security clearing organization, bank or other financial institution that holds the bonds in the ordinary course of its trade or business (a "financial institution") on behalf of the non-U.S. holder, certification under penalties of perjury that such a Form W-8BEN (or substitute Form W-8BEN or the appropriate successor form) has been received by it, or by another such financial institution, from the non-U.S. holder, and a copy of the Form W-8BEN (or substitute Form W-8BEN or the appropriate successor form) is furnished to the payor.

If a non-U.S. holder cannot satisfy the foregoing requirements, payments of interest made to such non-U.S. holder generally will be subject to 30% U.S. withholding tax unless such non-U.S. holder provides

us or our agent with a properly executed (i) IRS Form W-8BEN claiming an exemption for or reduction of the withholding tax under the benefit of a tax treaty, or (ii) IRS Form W-8ECI stating that interest paid on a bond is not subject to withholding tax because it is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States.

If interest on a bond is effectively connected with the conduct by a non-U.S. holder of a trade or business in the United States (and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder), such interest will generally be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. persons (and, in the case of a corporate non-U.S. holder, may also be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, or lower rate provided by a tax treaty). If interest is subject to U.S. federal income tax on a net basis in accordance with the rules described in the preceding sentence, payments of such interest will not be subject to U.S. withholding tax so long as the holder provides us or the paying agent with appropriate certification.

Sale or Other Taxable Disposition of Bonds. Subject to the discussion of backup withholding below, any gain realized by a non-U.S. holder on the sale, redemption or other disposition of a bond generally will not be subject to U.S. federal income tax, unless:

- such gain is effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States (and, if certain tax treaties apply, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder); or
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

Information Reporting and Backup Withholding. In general, payments we make to a non-U.S. holder in respect of the bonds will be reported annually to the IRS. Copies of these information returns also may be made available under the provisions of a specific tax treaty or other agreement to the tax authorities of the country in which the non-U.S. holder resides.

Treasury regulations provide that the U.S. federal backup withholding tax (currently at a rate of 28%) and certain information reporting will not apply to payments of interest with respect to which either (i) the requisite certification that a non-U.S. holder is not a U.S. person, as described above, has been received or (ii) an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge, or reason to know, that the non-U.S. holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the sale, redemption or other disposition of the bonds to or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possibly backup withholding unless a non-U.S. holder certifies as to its non-U.S. status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge, or reason to know, that the non-U.S. holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the proceeds from the sale, redemption or other disposition of the bonds to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a "U.S. related person"). In the case of the payment of the proceeds from the sale, redemption or other disposition of the bonds to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related person, Treasury regulations require information reporting (but generally not backup withholding) unless the broker has documentary evidence in its files that the owner is a non-U.S. holder and the broker has no knowledge, or reason to know, to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, provided that the requisite information is timely provided to the IRS.

Federal Estate Tax. Unless otherwise provided in an estate tax treaty, a bond held or treated as held by an individual who is a non-U.S. holder at the time of his or her death will not be subject to U.S. federal estate

tax, provided that (1) the individual does not actually or constructively own 10% or more of the total voting power of the voting stock of Progress Energy, Inc. and (2) income on the bond was not effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States.

Recently Enacted Legislation Affecting Taxation of Bonds Held By or Through Foreign Entities. Legislation was enacted on March 18, 2010 that generally imposes a withholding tax of 30% on interest income from debt obligations of U.S. issuers and the gross proceeds of a disposition of such obligations paid to a foreign financial institution, unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain account holders that are foreign entities with U.S. owners). The legislation also generally imposes a withholding tax of 30% on interest income from such obligations and the gross proceeds of a disposition of such obligations paid to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial U.S. owners or a certification identifying the direct and indirect substantial U.S. owners of the entity. Under certain circumstances, a holder of such obligation might be eligible for refunds or credits of such taxes. These withholding and reporting requirements will generally apply to payments made on or after January 1, 2013; however, the withholding tax will not be imposed on payments pursuant to obligations outstanding as of March 18, 2012. The legislation also imposes new U.S. return disclosure obligations (and related penalties for failure to disclose) on U.S. individuals that hold certain specified foreign financial assets (which include financial accounts in foreign financial institutions). Investors are urged to consult with their own tax advisors regarding the possible implications of this recently enacted legislation on their investment in the bonds.

THE U.S. FEDERAL INCOME AND ESTATE TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR CIRCUMSTANCES. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF BONDS, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECT OF CHANGES IN APPLICABLE TAX LAWS.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement dated March 22, 2010 among us and the underwriters named below, we have agreed to sell to each of the underwriters, and each of the underwriters has severally, and not jointly, agreed to purchase, the respective principal amounts of the bonds of each series set forth opposite its name below:

Underwriter	Principal Amount of 2020 Bonds	Principal Amount of 2040 Bonds
Banc of America Securities LLC	$ 57,500,000	$ 80,500,000
J.P. Morgan Securities Inc.	57,500,000	80,500,000
Mitsubishi UFJ Securities (USA), Inc.	57,500,000	80,500,000
BNY Mellon Capital Markets, LLC	25,000,000	35,000,000
Citigroup Global Markets Inc.	25,000,000	35,000,000
SunTrust Robinson Humphrey, Inc.	17,500,000	24,500,000
Robert W. Baird & Co. Incorporated	5,000,000	7,000,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC	5,000,000	7,000,000
Total	$250,000,000	$350,000,000

Under the terms and conditions of the underwriting agreement, the underwriters are committed to take and pay for all the bonds of a series, if any are taken; provided, that under certain circumstances relating to a default of one or more underwriters, less than all of the bonds of that series may be purchased. The underwriters propose to offer the bonds of each series in part directly to purchasers at the applicable initial public offering price set forth on the cover page of this prospectus supplement for such series and may offer the bonds of each series to certain securities dealers at this price less a concession not to exceed 0.400% and 0.500% of the principal amount of the 2020 and the 2040 bonds, respectively. The underwriters may allow, and any such dealers may reallow, a concession to certain other dealers not to exceed 0.250% and 0.250% of the principal amount of the 2020 bonds and the 2040 bonds, respectively. After the bonds of each series are released for sale to the public, the offering price and other selling terms may from time to time be varied by the underwriters.

The bonds of each series constitute a new issue of securities with no established trading market. We do not intend to apply for listing of the bonds of either series on any national securities exchange or for quotation through any national quotation system. We have been advised by the underwriters that they intend to make a market in the bonds of each series but are not obligated to do so and may discontinue market-making at any time without notice. Therefore, we can give no assurances that a liquid trading market will develop for the bonds, that you will be able to sell your bonds at a particular time, or that the prices that you receive when you sell will be favorable.

In connection with the offering of the bonds of either series, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions in accordance with Regulation M under the Securities Exchange Act of 1934, as amended. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to purchase the bonds in the open market for the purpose of pegging, fixing or maintaining the price of the bonds. Syndicate covering transactions involve purchases of the bonds in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the bonds of either series to be higher than would otherwise be the case in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in the Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of bonds to the public in

that Relevant Member State prior to the publication of a prospectus in relation to the bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of bonds to the public in that Relevant Member State at any time: (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year, (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the manager for any such offer; or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the bonds will require us or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive (or supplement a prospectus pursuant to Article 16 of the Prospectus Directive). For the purposes of this provision, the expression an "offer of bonds to the public" in relation to any bonds in any Relevant Member State means the communication in any form and by any means of sufficient information of the terms of the offer and the bonds to be offered so as to enable an investor to decide to purchase or subscribe for bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the term "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has also agreed that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the bonds in, from or otherwise involving the United Kingdom; and (ii) and it has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any bonds in circumstances in which Section 21(1) of the FMSA does not apply to us.

Certain of the underwriters and their affiliates have engaged and in the future may engage in various financial advisory, investment banking and commercial banking services for us and our affiliates in the ordinary course of business for which they have received, and may in the future receive, customary fees. Some of the underwriters or their affiliates are lenders under our revolving credit facility that backs up our or our affiliates' commercial paper programs.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments that the underwriters may be required to make in respect thereof.

We estimate that the total expenses of the offering, including applicable recording and related taxes, but excluding the underwriting discount, will be approximately $2.9 million.

EXPERTS

The financial statements and the related financial statement schedule incorporated in this document by reference from our Annual Report on Form 10-K for the year ended December 31, 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference (which report on the financial statements expresses an unqualified opinion). Such financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

R. Alexander Glenn, our General Counsel, and Hunton & Williams LLP, our outside counsel, will issue opinions about the legality of the offered securities for us. The underwriters will be advised about issues relating to this offering by their legal counsel, Dewey & LeBoeuf LLP of New York, New York. As of February 28, 2010, Mr. Glenn beneficially owned, or had options to acquire, a number of shares of Progress Energy, Inc. common stock, which represented less than 0.01% of the total outstanding common stock. Mr. Glenn is acquiring additional shares of Progress Energy, Inc. common stock at regular intervals as a participant in the Progress Energy 401(k) Savings & Stock Ownership Plan.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this document, and information that we file later with the SEC will automatically update and supersede the information in this prospectus. Our SEC filing number is 1-3274. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we sell all of the securities being registered; provided, however, that we are not incorporating by reference any information furnished under Item 2.02 or Item 7.01 of any Current Report on Form 8-K, unless and, to the extent specified in any such Current Report.

- Our Annual Report on Form 10-K for the year ended December 31, 2009.
- Our Current Reports on Form 8-K filed January 20, 2010 (solely with respect to the disclosure under Item 8.01) and March 19, 2010.

We frequently make our SEC filings on a joint basis with Progress Energy, Inc., our corporate parent, and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"), one of our affiliates. Any information included in such SEC filings that relates solely to Progress Energy, Inc. or PEC is not and shall not be deemed to be incorporated by reference into this prospectus supplement or the accompanying prospectus.

You may request a copy of these filings, at no cost, by writing or calling us at the following:

Progress Energy Florida, Inc.
c/o Progress Energy, Inc.
Investor Relations
410 South Wilmington Street
Raleigh, North Carolina 27601
Telephone: (919) 546-7474



PROSPECTUS

Florida Power Corporation d/b/a
Progress Energy Florida, Inc.

First Mortgage Bonds
Debt Securities
Preferred Stock

These securities are not obligations of, nor guaranteed by, Progress Energy, Inc., our corporate parent.

We will provide specific terms of these securities, and the manner in which they are being offered, in supplements to this prospectus. The securities may be offered on a delayed or continuous basis directly by us, through agents, underwriters or dealers as designated from time to time, through a combination of these methods or any other method as provided in the applicable prospectus supplement. You should read this prospectus and any supplement carefully before you invest. We cannot sell any of these securities unless this prospectus is accompanied by a prospectus supplement.

Investing in our securities involves risks. Before buying our securities, you should refer to the risk factors included in our periodic reports, in prospectus supplements relating to specific offerings and in other information that we file with the Securities and Exchange Commission. See "Risk Factors" on page 1.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated November 18, 2008.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration, or continuous offering, process. Under this shelf registration process, we may sell, from time to time, any combination of the securities described in this prospectus in one or more offerings. We may offer any of the following securities: First Mortgage Bonds, other Debt Securities and/or Preferred Stock.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. Any prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. The registration statement we filed with the SEC includes exhibits that provide more detail on descriptions of the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the SEC and any prospectus supplement together with additional information described under the heading "WHERE YOU CAN FIND MORE INFORMATION."

OUR COMPANY

We are a regulated public utility incorporated under the laws of Florida in 1899. We are primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida, including the cities of St. Petersburg and Clearwater as well as the central Florida area surrounding Orlando. We are an indirect, wholly-owned subsidiary of Progress Energy, Inc., a North Carolina corporation. All of our common stock is held directly by Florida Progress Corporation, a Florida corporation. Since 2003, we have operated our business under the assumed name Progress Energy Florida, Inc., although our legal name is still Florida Power Corporation.

Our principal executive offices are located at 299 First Avenue North, St. Petersburg, Florida 33701. Our telephone number is (727) 820-5151.

Unless the context requires otherwise, references in this prospectus to the terms "we," "us," "our" or other similar terms mean Florida Power Corporation d/b/a Progress Energy Florida, Inc.

USE OF PROCEEDS

Unless we state otherwise in any prospectus supplement, we will use the net proceeds from the sale of any offered securities:

- to finance the construction of new facilities and maintenance of existing facilities;
- to acquire other entities or their assets;
- to refund, repurchase, retire, redeem or reduce outstanding short- or long-term indebtedness; and
- for other general corporate purposes.

In the event that any proceeds are not immediately applied, we may temporarily invest them in federal, state or municipal government or agency obligations, commercial paper, bank certificates of deposit, or repurchase agreements collateralized by federal government or agency obligations, or we may deposit the proceeds with banks.

RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for each of the following periods was:

For the Twelve Months Ended September 30,	
2008	2007
3.43x	3.94x

For the Twelve Months Ended December 31,				
2007	2006	2005	2004	2003
3.45x	4.28x	3.76x	5.17x	5.31x

Our ratio of earnings to combined fixed charges and preferred stock dividends for each of the following periods was:

For the Twelve Months Ended September 30,	
2008	2007
3.40x	3.88x

For the Twelve Months Ended December 31,				
2007	2006	2005	2004	2003
3.42x	4.22x	3.71x	5.08x	5.21x

We define "earnings" as income before income taxes and cumulative effect of change in accounting principles plus fixed charges. We define "fixed charges" as the sum of interest on long-term debt, other interest and an imputed interest factor included in rentals.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our SEC filing number is 1-03274. Our SEC filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on its public reference rooms. Additionally, information about us and our SEC filings is available on our web site at http://www.progress-energy.com. **The contents of our web site do not constitute a part of this prospectus or any prospectus supplement hereto.**

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information in this prospectus. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we sell all of the securities being registered; *provided, however*, that, unless we specifically state otherwise, we are not incorporating by reference any information furnished under Items 2.02 or 7.01 of any Current Report on Form 8-K.

- Our Annual Report on Form 10-K for the year ended December 31, 2007, also referred to as our "2007 Form 10-K." (The financial statements included in the 2007 Form 10-K have been revised in Exhibit 99 to the Form 8-K dated November 6, 2008 to reflect the retrospective implementation of Financial Accounting Standards Board Staff Position FIN 39-1. These revisions had no effect on the reported net income for any of the periods presented.)
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2008.
- Our Current Reports on Form 8-K filed February 28, March 20, June 11, June 18, October 31 and November 6, 2008.

We frequently make our SEC filings on a joint basis with Progress Energy, Inc. ("Progress Energy"), our indirect corporate parent, and Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC"), one of our affiliates. Any information included in such SEC filings that relates solely to Progress Energy or PEC is not and shall not be deemed to be incorporated by reference into this prospectus or any prospectus supplement.

You may request a copy of these filings at no cost, by writing or calling us at the following address:

Progress Energy Florida, Inc.
c/o Progress Energy, Inc.
Investor Relations
410 South Wilmington Street
Raleigh, North Carolina 27601
Telephone: (919) 546-7474

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. We are not making any offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the respective dates on the front of those documents.

RISK FACTORS

Investing in our securities involves risks that could affect us and our business, as well as the energy industry generally. Please see the risk factors described in our 2007 Form 10-K, which is incorporated by reference into this prospectus. Much of the business information, as well as the financial and operational data contained in our risk factors, is updated in our periodic and current reports, which are also incorporated by reference into this prospectus, and future supplements hereto. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial condition or performance. Before purchasing our securities, you should carefully consider the risks discussed in our 2007 Form 10-K and the other information in this prospectus, any supplement hereto, as well as the documents incorporated by reference herein or therein. Each of the risks described could result in a decrease in the value of our securities and your investment therein.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS

This prospectus, any supplement hereto, any free writing prospectus and the documents incorporated by reference herein or therein contain or will contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The matters discussed throughout this prospectus, any supplement hereto, and any free writing prospectus and in the documents incorporated by reference herein or therein that are not historical facts are forward looking and, accordingly, involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Any forward-looking statement is based on information current as of the date of this prospectus and speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made.

Examples of factors that you should consider with respect to any forward-looking statements made throughout this document include, but are not limited to, the following:

- the impact of fluid and complex laws and regulations, including those relating to the environment and the Energy Policy Act of 2005 (EPACT);
- the anticipated future need for additional baseload generation and associated transmission facilities in our regulated service territories and the accompanying regulatory and financial risks;
- the financial resources and capital needed to comply with environmental laws and renewable energy portfolio standards and our ability to recover related eligible costs under cost-recovery clauses or base rates;
- our ability to meet current and future renewable energy requirements;
- the inherent risks associated with the operation of nuclear facilities, including environmental, health, regulatory and financial risks;
- the impact on our facilities and businesses from a terrorist attack;
- weather and drought conditions that directly influence the production, delivery and demand for electricity;
- recurring seasonal fluctuations in demand for electricity;
- the ability to recover in a timely manner, if at all, costs associated with future significant weather events through the regulatory process;
- economic fluctuations and the corresponding impact on our customers, including downturns in the housing and consumer credit markets;
- fluctuations in the price of energy commodities and purchased power and our ability to recover such costs through the regulatory process;
- our ability to control costs, including operation and maintenance expense (O&M) and large construction projects;
- the length and severity of the current financial market distress that began in September 2008;
- the ability to successfully access capital markets on favorable terms;
- the stability of commercial credit markets and our access to short-term and long-term credit;
- the impact that increases in leverage may have on us;

- our ability to maintain current credit ratings and the impact on our financial condition and ability to meet cash and other financial obligations in the event our credit ratings are downgraded;
- the investment performance of our nuclear decommissioning trust funds and the assets of our pension and benefit plans;
- the outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements; and
- unanticipated changes in operating expenses and capital expenditures.

These and other risk factors are detailed from time to time in our filings with the SEC. Many, but not all, of the factors that may impact actual results are discussed in the Risk Factors section in our most recent annual report on Form 10-K, which is updated for material changes, if any, in our other SEC filings. You should carefully read these risk factors. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can management assess the effect of each such factor.

- our ability to maintain current credit ratings and the impact on our financial condition and ability to meet cash and other financial obligations in the event our credit ratings are downgraded;
- the investment performance of our nuclear decommissioning trust funds and the assets of our pension and benefit plans;
- the outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements; and
- unanticipated changes in operating expenses and capital expenditures.

These and other risk factors are detailed from time to time in our filings with the SEC. Many, but not all, of the factors that may impact actual results are discussed in the Risk Factors section in our most recent annual report on Form 10-K, which is updated for material changes, if any, in our other SEC filings. You should carefully read these risk factors. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can management assess the effect of each such factor.

DESCRIPTION OF FIRST MORTGAGE BONDS

General

We will issue First Mortgage Bonds in one or more series under an Indenture, dated as of January 1, 1944, with The Bank of New York Mellon, as successor trustee (the "Mortgage Trustee"), as supplemented by supplemental indentures, including one or more supplemental indentures relating to the First Mortgage Bonds.

In the following discussion, we will refer to the Indenture and all supplements to the Indenture together as the "Mortgage." We will refer to all of our First Mortgage Bonds, including those already issued and those to be issued in the future, as "First Mortgage Bonds." As of September 30, 2008, we had approximately $4.0 billion aggregate principal amount of First Mortgage Bonds outstanding.

The information we are providing you in this prospectus concerning the First Mortgage Bonds and the Mortgage is only a summary of the information provided in those documents and the information is qualified in its entirety by reference to the provisions of the Mortgage. You should consult the First Mortgage Bonds themselves, the Mortgage and other documents for more complete information on the First Mortgage Bonds or any particular series thereof. These documents appear as exhibits to the registration statement of which this prospectus is a part, or are incorporated by reference as exhibits to such registration statement, or will appear as exhibits to other documents that we will file with the SEC, which will be incorporated by reference into this prospectus. The Mortgage has been qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and you should refer to the Trust Indenture Act for the provisions that apply to the First Mortgage Bonds. In the summary below, we have included references to applicable section numbers of the Mortgage so that you can more easily locate the relevant provisions.

Provisions of a Particular Series

The First Mortgage Bonds may from time to time, be issued in one or more series. You should consult the prospectus supplement or any free writing prospectus relating to any particular issue of the First Mortgage Bonds for the following information:

- the designation, series and aggregate principal amount of the First Mortgage Bonds;
- the percentage of the principal amount for which we will issue and sell the First Mortgage Bonds;
- the date of maturity for the First Mortgage Bonds;
- the rate at which the First Mortgage Bonds will bear interest or the method of determining that rate;
- the dates on which interest is payable;
- the denominations in which we will authorize the First Mortgage Bonds to be issued, if other than $1,000 or integral multiples of $1,000;
- whether we will offer the First Mortgage Bonds in the form of global bonds and, if so, the name of the depositary for any global bonds;
- the terms applicable to any rights to convert First Mortgage Bonds into or exchange them for other of our securities or those of any other entity;
- redemption terms and sinking fund provisions, if any; and
- any other specific terms that do not conflict with the Mortgage.

For more information, see Section 2.01 of the Mortgage.

No series of the First Mortgage Bonds will be limited in aggregate principal amount except as provided in the Mortgage. Unless the applicable prospectus supplement or any free writing prospectus states

otherwise, the covenants contained in the Mortgage will not afford holders of the First Mortgage Bonds protection in the event of a change of control or highly leveraged transaction.

Form and Exchanges

Unless otherwise specified in the applicable prospectus supplement or free writing prospectus, we expect to issue the First Mortgage Bonds as fully registered bonds without coupons in denominations of $1,000 or any integral multiple of $1,000. Holders may exchange them, free of charge, for a like aggregate principal amount of other First Mortgage Bonds of different authorized denominations of the same series. Holders may also transfer the First Mortgage Bonds free of charge except for any stamp taxes or other governmental charges that may apply. The First Mortgage Bonds may be presented for transfer or exchange at the corporate trust office of the Trustee in New York, New York. For more information, see Sections 2.01 and 2.03 of the Mortgage.

Interest and Payment

The prospectus supplement or free writing prospectus for any First Mortgage Bonds will state the interest rate, the method of determination of the interest rate, and the date on which interest is payable. Unless the prospectus supplement states otherwise, principal and interest on First Mortgage Bonds held in (i) definitive or certificated form will be paid at the corporate trust office of the Mortgage Trustee in New York, New York, and (ii) global form will be paid as set forth herein under "Global Securities."

Pursuant to the Mortgage, we will pay interest, to the extent enforceable under law, on any overdue installment of interest on the First Mortgage Bonds at the highest rate of interest payable on any of the First Mortgage Bonds outstanding under the Mortgage. For more information, see Section 2.01 and Article X of the Mortgage.

Redemption and Purchase of First Mortgage Bonds

If the First Mortgage Bonds are redeemable, the redemption terms will appear in the prospectus supplement or free writing prospectus. We may declare redemptions on at least 30 days' notice to the holders of First Mortgage Bonds to be redeemed and to the Mortgage Trustee. We have agreed that before the redemption date we will deposit with the Mortgage Trustee a sum of money sufficient to redeem the subject First Mortgage Bonds. Our failure to make this required deposit will constitute a completed default under the Mortgage on the specified redemption date and the First Mortgage Bonds called for redemption shall immediately become due and payable. For more information, see Article VIII of the Mortgage.

First Mortgage Bonds are redeemable, in whole but not in part, on not more than 90 days' notice to holders, at a redemption price of 100% of the principal amount thereof, together with accrued interest to the date of redemption, in the event that:

- all of our outstanding common stock is acquired by some governmental body or instrumentality and we elect to redeem all First Mortgage Bonds; or
- all or substantially all the mortgaged and pledged property, constituting bondable property as defined in the Mortgage, that is then subject to the Mortgage as a first lien shall be released from the lien of the Mortgage under the provisions thereof, and available moneys held by the Mortgage Trustee, including any moneys deposited by us for the purpose, are sufficient to redeem all the First Mortgage Bonds at the redemption prices (together with accrued interest to the date of redemption) specified therein applicable to the redemption thereof upon the happening of such event.

For more information, see Section 8.08 of the Mortgage.

Maintenance Fund

The Mortgage provides that the amount expended for property additions (excluding several stated exceptions) will, at the end of each year, equal the minimum provision for depreciation, for each calendar year subsequent to December 31, 1943, and if at the end of any such year we have not expended such required amount, we will, on or before the next succeeding March 31, deposit with the Mortgage Trustee the difference in cash. Certain credits are allowed against cash so required to be deposited. During the three years immediately following a cash deposit with the Mortgage Trustee, we may at any time or from time to time withdraw cash in an amount equal to any available maintenance credit. Cash not so withdrawn shall be applied towards the payment due upon maturity or for the redemption of outstanding First Mortgage Bonds as provided in the Mortgage. For more information, see Sections 5.08 and 1.05 of the Mortgage.

We must provide the Mortgage Trustee with an annual maintenance certificate with respect to the bondable value of property additions.

The minimum provision for depreciation means an amount equal to:

- 15% of our gross operating revenues, net of the cost of electric energy purchased for resale; *less*
- an amount equal to the aggregate of the charges to operating expense for maintenance; *provided, however,*
- that the minimum provision for depreciation for any period shall not exceed the maximum provision for depreciation, as defined, for the period.

The maximum provision for depreciation shall mean as to each full calendar year, an amount equal to:

- $755,000, *plus*
- 2.25% of the sum of all property additions after January 1, 1944 up to the beginning of the subject calendar year, *less*
- 2.25% of the aggregate amount of all retirements of bondable property during the period after January 1, 1944 up to the beginning of the subject calendar year.

For periods other than a calendar year, the maximum provision for depreciation shall be based upon the maximum provision for depreciation for the calendar year ended during such period multiplied by the number of calendar months or fractions thereof included in such period and divided by 12.

As of December 31, 2007, we had a cumulative maintenance credit of approximately $8.9 billion.

Ranking and Security

The First Mortgage Bonds will be secured by the lien of the Mortgage and will rank equally with all bonds outstanding thereunder. In the opinion of our counsel, the Mortgage constitutes a first mortgage lien, subject only to permitted encumbrances and liens, on substantially all of the fixed properties owned by us except miscellaneous properties specifically excepted. In addition, after-acquired property is covered by the lien of the Mortgage, subject to existing liens at the time such property is acquired. For more information, see the Preambles and Section 2.01 of the Mortgage.

Issuance of Additional First Mortgage Bonds

First Mortgage Bonds may be issued under the Mortgage in a principal amount equal to:

- an amount not exceeding 60% of the bondable value of property additions, which term generally includes all of our tangible property that we are authorized to acquire, own and operate, that has become subject to the Mortgage and which is used in connection with the generation, purchase, transmission, distribution or sale of electricity for light, heat, power or other purposes;

- an additional aggregate principal amount not exceeding the aggregate principal amount of refundable prior lien bonds deposited with the Mortgage Trustee or judicially determined to be invalid;
- an additional aggregate principal amount not exceeding the aggregate principal amount of any outstanding First Mortgage Bonds that have been canceled or delivered for cancellation; and
- an additional aggregate principal amount equal to the amount of cash deposited with the Mortgage Trustee against the issuance of bonds.

For more information, see Sections 4.03 thorough 4.06 of the Mortgage.

As of September 30, 2008, the bondable value of property additions under the first bullet point above was approximately $2.5 billion permitting the issuance of approximately $1.5 billion of additional bonds. As of September 30, 2008, the additional aggregate principal amount of First Mortgage Bonds that could be issued based upon the amount of previously issued First Mortgage Bonds that have been canceled or delivered for cancellation under the third bullet point above was approximately $256 million. Cash deposited with the Mortgage Trustee under the fourth bullet point above may be withdrawn in an amount equal to the principal amount of any First Mortgage Bonds we would otherwise be entitled to have authenticated under any of the provisions referred to in the first three bullet points above, and may also be used for the purchase or redemption of First Mortgage Bonds which, by their terms, are redeemable. For more information, see Section 4.06 of the Mortgage.

First Mortgage Bonds may be authenticated pursuant to the first and fourth bullet points above (and in certain cases pursuant to the second and third bullet points above) only if net earnings for 12 successive months in the 15 months immediately preceding the first day of the month in which application for additional First Mortgage Bonds is made shall be at least two times the annual interest charges on the First Mortgage Bonds and prior lien bonds outstanding and to be outstanding. For more information, see Sections 4.08 and 1.06 of the Mortgage.

Restriction on Dividends

Unless otherwise stated in the prospectus supplement or free writing prospectus, in the case of First Mortgage Bonds issued under this prospectus and any accompanying prospectus supplement or free writing prospectus, and so long as any First Mortgage Bonds are outstanding, we may only pay cash dividends on our common stock, and make any other distribution to Florida Progress, our common stockholder, out of our net income subsequent to December 31, 1943. For more information, see Section 5.24 of the Mortgage.

Release and Substitution of Property

Subject to various limitations, property may be released from the lien of the Mortgage when sold or exchanged, upon the basis of:

- cash deposited with the Mortgage Trustee;
- the principal amount of any purchase money obligations pledged with the Mortgage Trustee;
- the fair value of any property additions certified to the Mortgage Trustee and acquired by us in exchange for the property to be released; or
- if non-bondable property is to be released, the fair value of property and certain securities certified to the Mortgage Trustee and acquired by us in exchange for the property to be released, less the principal amount of certain outstanding prior lien bonds.

For more information, see Section 9.03 of the Mortgage.

If all or substantially all of the mortgaged and pledged property constituting bondable property which at the time shall be subject to the lien of the Mortgage as a first lien shall be released, whether pursuant to our request or by eminent domain, then we are required to redeem all the First Mortgage Bonds and have agreed

to deposit with the Mortgage Trustee sufficient cash for that purpose. Any new property acquired to take the place of any property released shall be subjected to the lien of the Mortgage. For more information, see Sections 8.08(b), 9.03, 9.05 and 9.11 of the Mortgage.

Modification of Mortgage

The Mortgage may generally be modified with the consent of the holders of not less than 75% in aggregate principal amount of First Mortgage Bonds outstanding which would be affected by the action proposed to be taken, except no such modifications shall:

- extend the maturity of any First Mortgage Bonds, or reduce the interest rate or extend the time of payment thereof, or reduce the principal amount thereof, without the express consent of the holder of each First Mortgage Bond affected;
- reduce the percentage of holders who must consent to the modifications referred to in this section without the consent of the holders of all First Mortgage Bonds outstanding;
- permit the creation of a prior or equal lien on the pledged property; or
- deprive any First Mortgage Bond of the lien of the Mortgage.

For more information, see Section 17.02 of the Mortgage.

Default

In the event of a completed default, the Mortgage Trustee or the holders of at least 25% of the outstanding First Mortgage Bonds may declare the principal of all outstanding First Mortgage Bonds immediately due and payable. The following are defined as completed defaults in the Mortgage:

- default in the payment of principal of, and premium, if any, on any of the First Mortgage Bonds when due and payable, whether at maturity or by declaration, or otherwise;
- default continued for 60 days in the payment of any interest on any of the First Mortgage Bonds;
- default in the payment of principal or interest upon any outstanding prior lien bonds continued beyond any applicable grace period;
- certain acts of bankruptcy, insolvency or reorganization; and
- default continued for 60 days after written notice to us by the Mortgage Trustee (or to us and the Mortgage Trustee by the holders of at least 25% in principal amount of the then outstanding First Mortgage Bonds) in the observance or performance of any other covenant, agreement or condition contained in the Mortgage or in any of the First Mortgage Bonds.

For more information, see Section 10.01 of the Mortgage.

If all defaults have been cured, however, the holders of not less than a majority in aggregate principal amount of the First Mortgage Bonds then outstanding may rescind and annul the declaration and its consequences. If the Mortgage Trustee in good faith determines it to be in the interest of the holders of the First Mortgage Bonds, it may withhold notice of default, except in payment of principal, premium, if any, interest or sinking fund payments, if any, for retirement of First Mortgage Bonds. We are required by the Mortgage to report annually to the Mortgage Trustee as to the absence of default and compliance with the provisions of the Mortgage. For more information, see Sections 10.01, 10.02 and 5.23 of the Mortgage.

The holders of not less than a majority in principal amount of the First Mortgage Bonds outstanding have the right to direct the time, method and place of conducting any proceedings for any remedy available to, or conferred by the Mortgage upon, the Mortgage Trustee; *provided, however,* that the Mortgage Trustee may, if it determines in good faith that such direction would involve the Mortgage Trustee in personal liability or be

unjustly prejudicial to the rights of the non-assenting bondholders, decline to follow such direction. For more information, see Section 10.06 of the Mortgage.

Evidence to Be Furnished to the Mortgage Trustee Under the Mortgage

We may demonstrate compliance with Mortgage provisions regarding certificates and opinions by providing written statements to the Mortgage Trustee from our officers or experts we select. For instance, we may select an engineer or appraiser to provide a written statement regarding the value of property being certified or released, or an accountant regarding net earnings, or counsel regarding property titles and compliance with the Mortgage generally. In certain significant matters, applicable law requires that an accountant or engineer must be independent. For more information, see Section 314(d) of the Trust Indenture Act. We must file certificates and other papers each year and whenever certain events occur. Additionally, we must provide evidence from time to time demonstrating our compliance with the conditions and covenants under the Mortgage.

Relationship With the Mortgage Trustee

In the normal course of business, the Mortgage Trustee or its affiliates may, from time to time, provide certain commercial banking, investment banking, and securities underwriting services to us and our affiliates. The Mortgage Trustee's affiliate currently serves as Debt Securities Trustee under our Debt Securities Indenture described below.

DESCRIPTION OF DEBT SECURITIES

General

The Debt Securities offered by this prospectus will be our direct unsecured general obligations. This prospectus describes certain general terms of the Debt Securities offered through this prospectus. When we offer to sell a particular series of Debt Securities, we will describe the specific terms of that series in a prospectus supplement or any free writing prospectus. The Debt Securities will be issued under the Indenture (for Debt Securities), dated as of December 7, 2005, between us and The Bank of New York Mellon Trust Company, National Association, as successor trustee, or one or more additional indentures for Debt Securities between us and a trustee elected by us. The Indenture (for Debt Securities) is incorporated by reference into the registration statement of which this prospectus is a part. The form of any additional indenture, between us and a trustee which we will name, under which we may issue Debt Securities is filed as an exhibit to the registration statement. In this prospectus we refer to each of the Indenture (for Debt Securities) and the form of indenture for Debt Securities, as applicable, as the "Debt Securities Indenture." We refer to the trustee under any Debt Securities Indenture as the "Debt Securities Trustee."

The prospectus supplement or any free writing prospectus applicable to a particular series of Debt Securities may state that a particular series of Debt Securities will be our subordinated obligations. The form of Debt Securities Indenture referred to above includes optional provisions (designated by brackets ("[ ]")) that we would expect to appear in a separate indenture for subordinated debt securities in the event we issue subordinated debt securities. In the following discussion, we refer to any subordinated obligations as the "Subordinated Debt Securities." Unless the applicable prospectus supplement or any free writing prospectus provides otherwise, we will use a separate Debt Securities Indenture for any Subordinated Debt Securities that we may issue. The Indenture (For Debt Securities) dated as of December 7, 2005 has been, and any future Debt Securities Indenture will be, qualified under the Trust Indenture Act and you should refer to the Trust Indenture Act for the provisions that apply to the Debt Securities.

We have summarized selected provisions of the Debt Securities Indenture below. Each Debt Securities Indenture will be independent of any other Debt Securities Indenture unless otherwise stated in a prospectus supplement or any free writing prospectus. The summary that follows is not complete and the summary is qualified in its entirety by reference to the provisions of the applicable Debt Securities Indenture. You should consult the applicable Debt Securities, Debt Securities Indenture, any supplemental indentures, officers'

certificates and other related documents for more complete information on the Debt Securities. These documents appear as exhibits to, or are incorporated by reference into, the registration statement of which this prospectus is a part, or will appear as exhibits to other documents that we will file with the SEC, which will be incorporated by reference into this prospectus. In the summary below, we have included references to applicable section numbers of the Debt Securities Indenture so that you can easily locate these provisions.

Ranking

Our Debt Securities that are not designated Subordinated Debt Securities will be effectively subordinated to all of our currently outstanding and future First Mortgage Bonds to the extent of the value of the collateral securing such First Mortgage Bonds. The First Mortgage Bond holders have a first lien on substantially all of our assets. Our Debt Securities that are designated Subordinated Debt Securities will be subordinate to all of our currently outstanding and future First Mortgage Bonds and Debt Securities that are not designated Subordinated Debt Securities. As of September 30, 2008, we had an aggregate principal amount of $4.0 billion First Mortgage Bonds outstanding and an aggregate principal amount of $150 million of unsecured indebtedness outstanding, none of which were Subordinated Debt Securities. The Indenture (For Debt Securities) does not limit the amount of First Mortgage Bonds that we may issue.

Provisions of a Particular Series

The Debt Securities may from time to time be issued in one or more series. You should consult the prospectus supplement or free writing prospectus relating to any particular series of Debt Securities for the following information:

- the title of the Debt Securities;
- any limit on aggregate principal amount of the Debt Securities or the series of which they are a part;
- the date(s), or method for determining the date(s), on which the principal of the Debt Securities will be payable;
- the rate, including the method of determination if applicable, at which the Debt Securities will bear interest, if any, and
  - — the date from which any interest will accrue;
  - — the dates on which we will pay interest;
  - — our ability to defer interest payments and any related restrictions during any interest deferral period; and
  - — the record date for any interest payable on any interest payment date;
- the place where
  - — the principal of, premium, if any, and interest on the Debt Securities will be payable;
  - — you may register transfer of the Debt Securities;
  - — you may exchange the Debt Securities; and
  - — you may serve notices and demands upon us regarding the Debt Securities;
- the security registrar for the Debt Securities and whether the principal of the Debt Securities is payable without presentment or surrender of them;
- the terms and conditions upon which we may elect to redeem any Debt Securities, including any replacement capital or similar covenants limiting our ability to redeem any Subordinated Debt Securities;

- the denominations in which we may issue Debt Securities, if other than $1,000 and integral multiples of $1,000;
- the terms and conditions upon which the Debt Securities must be redeemed or purchased due to our obligations pursuant to any sinking fund or other mandatory redemption or tender provisions, or at the holder's option, including any applicable exceptions to notice requirements;
- the currency, if other than United States currency, in which payments on the Debt Securities will be payable;
- the terms according to which elections can be made by us or the holder regarding payments on the Debt Securities in currency other than the currency in which the Debt Securities are stated to be payable;
- if payments are to be made on the Debt Securities in securities or other property, the type and amount of the securities and other property or the method by which the amount shall be determined;
- the manner in which we will determine any amounts payable on the Debt Securities that are to be determined with reference to an index or other fact or event ascertainable outside the applicable indenture;
- if other than the entire principal amount, the portion of the principal amount of the Debt Securities payable upon declaration of acceleration of their maturity;
- any addition to the events of default applicable to any Debt Securities and any additions to our covenants for the benefit of the holders of the Debt Securities;
- the terms applicable to any rights to convert Debt Securities into or exchange them for other of our securities or those of any other entity;
- whether we are issuing Debt Securities as global securities, and if so,
  - any limitations on transfer or exchange rights or the right to obtain the registration of transfer;
  - any limitations on the right to obtain definitive certificates for the Debt Securities; and
  - any other matters incidental to the Debt Securities;
- whether we are issuing the Debt Securities as bearer securities;
- any limitations on transfer or exchange of Debt Securities or the right to obtain registration of their transfer, and the terms and amount of any service charge required for registration of transfer or exchange;
- any exceptions to the provisions governing payments due on legal holidays, or any variations in the definition of business day with respect to the Debt Securities;
- any collateral security, assurance, guarantee or other credit enhancement applicable to the Debt Securities; and
- any other terms of the Debt Securities not in conflict with the provisions of the applicable Debt Securities Indenture.

For more information, see Section 301 of the applicable Debt Securities Indenture.

Debt Securities may be sold at a substantial discount below their principal amount. You should consult the applicable prospectus supplement or free writing prospectus for a description of certain special United States federal income tax considerations that may apply to Debt Securities sold at an original issue discount or denominated in a currency other than dollars.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, the covenants contained in the applicable indenture will not afford holders of Debt Securities protection in the event we have a change in control or are involved in a highly-leveraged transaction.

Subordination

The applicable prospectus supplement or free writing prospectus may provide that a series of Debt Securities will be Subordinated Debt Securities, subordinate and junior in right of payment to all of our Senior Indebtedness, as defined below. If so, we will issue these securities under a separate Debt Securities Indenture for Subordinated Debt Securities. For more information, see Article XV of the form of Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, no payment of principal of, including redemption and sinking fund payments, or any premium or interest on, the Subordinated Debt Securities may be made if:

- there occur certain acts of bankruptcy, insolvency, liquidation, dissolution or other winding up of our company;
- any Senior Indebtedness is not paid when due;
- any applicable grace period with respect to other defaults with respect to any Senior Indebtedness has ended, the default has not been cured or waived and the maturity of such Senior Indebtedness has been accelerated because of the default; or
- the maturity of the Subordinated Debt Securities of any series has been accelerated because of a default and Senior Indebtedness is then outstanding.

Upon any distribution of our assets to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, and any premium and interest due or to become due on, all outstanding Senior Indebtedness must be paid in full before the holders of the Subordinated Debt Securities are entitled to payment. For more information, see Section 1502 of the applicable Debt Securities Indenture. The rights of the holders of the Subordinated Debt Securities will be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions applicable to Senior Indebtedness until all amounts owing on the Subordinated Debt Securities are paid in full. For more information, see Section 1504 of the applicable Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus states otherwise, the term "Senior Indebtedness" means:

- all obligations (other than non-recourse obligations and the indebtedness issued under the Subordinated Debt Securities Indenture) of, or guaranteed or assumed by, us:
  - for borrowed money (including both senior and subordinated indebtedness for borrowed money, but excluding the Subordinated Debt Securities);
  - for the payment of money relating to any lease that is capitalized on our consolidated balance sheet in accordance with generally accepted accounting principles; or
  - indebtedness evidenced by bonds, debentures, notes or other similar instruments.

In the case of any such indebtedness or obligations, Senior Indebtedness includes amendments, renewals, extensions, modifications and refundings, whether existing as of the date of the Subordinated Debt Securities Indenture or subsequently incurred by us.

The Subordinated Debt Securities Indenture does not limit the aggregate amount of Senior Indebtedness that we may issue.

Form, Exchange and Transfer

Unless the applicable prospectus supplement or free writing prospectus states otherwise, we will issue Debt Securities only in fully registered form without coupons and in denominations of $1,000 and integral multiples of that amount. For more information, see Sections 201 and 302 of the applicable Debt Securities Indenture.

Holders may present Debt Securities for exchange or for registration of transfer, duly endorsed or accompanied by a duly executed instrument of transfer, at the office of the security registrar or at the office of any transfer agent we may designate. Exchanges and transfers are subject to the terms of the applicable indenture and applicable limitations for global securities. We may designate ourselves the security registrar.

No charge will be made for any registration of transfer or exchange of Debt Securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that the holder must pay in connection with the transaction. Any transfer or exchange will become effective upon the security registrar or transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. For more information, see Section 305 of the applicable Debt Securities Indenture.

The applicable prospectus supplement or free writing prospectus will state the name of any transfer agent, in addition to the security registrar initially designated by us, for any Debt Securities. We may at any time designate additional transfer agents or withdraw the designation of any transfer agent or make a change in the office through which any transfer agent acts. We must, however, maintain a transfer agent in each place of payment for the Debt Securities of each series. For more information, see Section 602 of the applicable Debt Securities Indenture.

We will not be required to:

- issue, register the transfer of, or exchange any Debt Securities or any tranche of any Debt Securities during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any Debt Securities called for redemption and ending at the close of business on the day of mailing; or
- register the transfer of, or exchange any Debt Securities selected for redemption except the unredeemed portion of any Debt Securities being partially redeemed.

For more information, see Section 305 of the applicable Debt Securities Indenture.

Payment and Paying Agents

Unless the applicable prospectus supplement or free writing prospectus states otherwise, we will pay interest on a Debt Security on any interest payment date to the person in whose name the Debt Security is registered at the close of business on the regular record date for the interest payment. For more information, see Section 307 of the applicable Debt Securities Indenture.

Unless the applicable prospectus supplement or free writing prospectus provides otherwise, we will pay principal and any premium and interest on Debt Securities at the office of the paying agent whom we will designate for this purpose. Unless the applicable prospectus supplement or free writing prospectus states otherwise, the corporate trust office of the Debt Securities Trustee in New York City will be designated as our sole paying agent for payments with respect to Debt Securities of each series. Any other paying agents initially designated by us for the Debt Securities of a particular series will be named in the applicable prospectus supplement or free writing prospectus. We may at any time add or delete paying agents or change the office through which any paying agent acts. We must, however, maintain a paying agent in each place of payment for the Debt Securities of a particular series. For more information, see Section 602 of the applicable Debt Securities Indenture.

All money we pay to a paying agent for the payment of the principal and any premium or interest on any Debt Security that remains unclaimed at the end of two years after payment is due will be repaid to us. After that date, the holder of that Debt Security shall be deemed an unsecured general creditor and may look

only to us for these payments. For more information, see Section 603 of the applicable Debt Securities Indenture.

Redemption

You should consult the applicable prospectus supplement or free writing prospectus for any terms regarding optional or mandatory redemption of Debt Securities. Except for any provisions in the applicable prospectus supplement or free writing prospectus regarding Debt Securities redeemable at the holder's option, Debt Securities may be redeemed only upon notice by mail not less than 30 nor more than 60 days prior to the redemption date. Further, if less than all of the Debt Securities of a series, or any tranche of a series, are to be redeemed, the Debt Securities to be redeemed will be selected by the method provided for the particular series. In the absence of a selection provision, the Debt Securities Trustee will select a fair and appropriate method of selection. For more information, see Sections 403 and 404 of the applicable Debt Securities Indenture.

A notice of redemption we provide may state:

- that redemption is conditioned upon receipt by the paying agent on or before the redemption date of money sufficient to pay the principal of and any premium and interest on the Debt Securities; and
- that if the money has not been received, the notice will be ineffective and we will not be required to redeem the Debt Securities.

For more information, see Section 404 of the applicable Debt Securities Indenture.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge into any other person, nor may we transfer or lease substantially all of our assets and property to any person, unless:

- the corporation formed by the consolidation or into which we are merged, or the person that acquires by conveyance or transfer, or that leases, substantially all of our property and assets:
  - — is organized and validly existing under the laws of any domestic jurisdiction; and
  - — expressly assumes by supplemental indenture our obligations on the Debt Securities and under the applicable indentures;
- immediately after giving effect to the transaction, no event of default, and no event that would become an event of default, has occurred and is continuing; and
- we have delivered to the Debt Securities Trustee an officer's certificate and opinion of counsel as provided in the applicable indentures.

For more information, see Section 1101 of the applicable Debt Securities Indenture.

Events of Default

Unless the applicable prospectus supplement or free writing prospectus states otherwise, "event of default" under the applicable indenture with respect to Debt Securities of any series means any of the following:

- failure to pay any interest due on any Debt Security of that series within 30 days;
- failure to pay principal or premium, if any, when due on any Debt Security of that series;
- failure to make any required sinking fund payment on any Debt Securities of that series;
- breach of or failure to perform any other covenant or warranty in the applicable indenture with respect to Debt Securities of that series for 60 days (subject to extension under certain

circumstances for another 120 days) after we receive notice from the Debt Securities Trustee, or we and the Debt Securities Trustee receive notice from the holders of at least 33% in principal amount of the Debt Securities of that series outstanding under the applicable indenture according to the provisions of the applicable indenture;

- certain events of bankruptcy, insolvency or reorganization; and
- any other event of default set forth in the applicable prospectus supplement or free writing prospectus.

For more information, see Section 801 of the applicable Debt Securities Indenture.

An event of default with respect to a particular series of Debt Securities does not necessarily constitute an event of default with respect to the Debt Securities of any other series issued under the applicable indenture.

If an event of default with respect to a particular series of Debt Securities occurs and is continuing, either the Debt Securities Trustee or the holders of at least 33% in principal amount of the outstanding Debt Securities of that series may declare the principal amount of all of the Debt Securities of that series to be due and payable immediately. If the Debt Securities of that series are discount securities or similar Debt Securities, only the portion of the principal amount as specified in the applicable prospectus supplement or free writing prospectus may be immediately due and payable. If an event of default occurs and is continuing with respect to all series of Debt Securities issued under a Debt Securities Indenture, including all events of default relating to bankruptcy, insolvency or reorganization, the Debt Securities Trustee or the holders of at least 33% in principal amount of the outstanding Debt Securities of all series issued under that Debt Securities Indenture, considered together, may declare an acceleration of the principal amount of all series of Debt Securities issued under that Debt Securities Indenture. There is no automatic acceleration, even in the event of our bankruptcy or insolvency.

The applicable prospectus supplement or free writing prospectus may provide, with respect to a series of Debt Securities to which a credit enhancement is applicable, that the provider of the credit enhancement may, if a default has occurred and is continuing with respect to the series, have all or any part of the rights with respect to remedies that would otherwise have been exercisable by the holder of that series.

At any time after a declaration of acceleration with respect to the Debt Securities of a particular series, and before a judgment or decree for payment of the money due has been obtained, the event of default giving rise to the declaration of acceleration will, without further action, be deemed to have been waived, and the declaration and its consequences will be deemed to have been rescinded and annulled, if:

- we have paid or deposited with the Debt Securities Trustee a sum sufficient to pay:
  - all overdue interest on all Debt Securities of the particular series;
  - the principal of and any premium on any Debt Securities of that series that have become due otherwise than by the declaration of acceleration and any interest at the rate prescribed in the Debt Securities;
  - interest upon overdue interest at the rate prescribed in the Debt Securities, to the extent payment is lawful; and
  - all amounts due to the Debt Securities Trustee under the applicable indenture; and
- any other event of default with respect to the Debt Securities of the particular series, other than the failure to pay the principal of the Debt Securities of that series that has become due solely by the declaration of acceleration, has been cured or waived as provided in the applicable indenture.

For more information, see Section 802 of the applicable Debt Securities Indenture.

The applicable Debt Securities Indenture includes provisions as to the duties of the Debt Securities Trustee in case an event of default occurs and is continuing. Consistent with these provisions, the Debt Securities Trustee will be under no obligation to exercise any of its rights or powers at the request or direction of any of the holders unless those holders have offered to the Debt Securities Trustee reasonable indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction. For more information, see Section 903 of the applicable Debt Securities Indenture. Subject to these provisions for indemnification, the holders of a majority in principal amount of the outstanding Debt Securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the Debt Securities Trustee, or exercising any trust or power conferred on the Debt Securities Trustee, with respect to the Debt Securities of that series. For more information, see Section 812 of the applicable Debt Securities Indenture.

No holder of Debt Securities may institute any proceeding regarding the applicable indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the applicable indenture unless:

- the holder has previously given to the Debt Securities Trustee written notice of a continuing event of default of that particular series;
- the holders of a majority in principal amount of the outstanding Debt Securities of all series with respect to which an event of default is continuing have made a written request to the Debt Securities Trustee, and have offered reasonable indemnity to the Debt Securities Trustee, to institute the proceeding as trustee; and
- the Debt Securities Trustee has failed to institute the proceeding, and has not received from the holders of a majority in principal amount of the outstanding Debt Securities of that series a direction inconsistent with the request, within 60 days after notice, request and offer of reasonable indemnity.

For more information, see Section 807 of the applicable Debt Securities Indenture.

The preceding limitations do not apply, however, to a suit instituted by a holder of a Debt Security for the enforcement of payment of the principal of or any premium or interest on the Debt Securities on or after the applicable due date stated in the Debt Securities. For more information, see Section 808 of the applicable Debt Securities Indenture.

We must furnish annually to the Debt Securities Trustee a statement by an appropriate officer as to that officer's knowledge of our compliance with all conditions and covenants under each of the indentures for Debt Securities. Our compliance is to be determined without regard to any grace period or notice requirement under the respective indenture. For more information, see Section 606 of the applicable Debt Securities Indenture.

Modification and Waiver

We and the Debt Securities Trustee, without the consent of the holders of the Debt Securities, may enter into one or more supplemental indentures for any of the following purposes:

- to evidence the assumption by any permitted successor of our covenants in the applicable indenture and the Debt Securities;
- to add one or more covenants or other provisions for the benefit of the holders of outstanding Debt Securities or to surrender any right or power conferred upon us by the applicable indenture;
- to add any additional events of default;
- to change or eliminate any provision of the applicable indenture or add any new provision to it, but if this action would adversely affect the interests of the holders of any particular series of Debt Securities in any material respect, the action will not become effective with respect to that

series while any Debt Securities of that series remain outstanding under the applicable indenture;

- to provide collateral security for the Debt Securities;
- to establish the form or terms of Debt Securities according to the provisions of the applicable indenture;
- to evidence the acceptance of appointment of a successor Debt Securities Trustee under the applicable indenture with respect to one or more series of the Debt Securities and to add to or change any of the provisions of the applicable indenture as necessary to provide for trust administration under the applicable indenture by more than one trustee;
- to provide for the procedures required to permit the use of a non-certificated system of registration for any series of Debt Securities;
- to change any place where:
  - — the principal of and any premium and interest on any Debt Securities are payable;
  - — any Debt Securities may be surrendered for registration of transfer or exchange; or
  - — notices and demands to or upon us regarding Debt Securities and the applicable indentures may be served; or
- to cure any ambiguity or inconsistency, but only by means of changes or additions that will not adversely affect the interests of the holders of Debt Securities of any series in any material respect.

For more information, see Section 1201 of the applicable Debt Securities Indenture.

The holders of at least a majority in aggregate principal amount of the outstanding Debt Securities of any series may waive:

- compliance by us with certain provisions of the applicable indenture (see Section 607 of the applicable Debt Securities Indenture); and
- any past default under the applicable indenture, except a default in the payment of principal, premium, or interest and certain covenants and provisions of the applicable indenture that cannot be modified or amended without consent of the holder of each outstanding Debt Security of the series affected (see Section 813 of the applicable Debt Securities Indenture).

The Trust Indenture Act of 1939 may be amended after the date of the applicable indenture to require changes to the indenture. In this event, the indenture will be deemed to have been amended so as to effect the changes, and we and the Debt Securities Trustee may, without the consent of any holders, enter into one or more supplemental indentures to evidence or effect the amendment. For more information, see Section 1201 of the applicable Debt Securities Indenture.

Except as provided in this section, the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities issued pursuant to a Debt Securities Indenture, considered as one class, is required to change in any manner the applicable indenture pursuant to one or more supplemental indentures. If less than all of the series of Debt Securities outstanding under a Debt Securities Indenture are directly affected by a proposed supplemental indenture, however, only the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities of all series directly affected, considered as one class, will be required. Furthermore, if the Debt Securities of any series have been issued in more than one tranche and if the proposed supplemental indenture directly affects the rights of the holders of one or more, but not all, tranches, only the consent of the holders of a majority in aggregate principal amount of the

outstanding Debt Securities of all tranches directly affected, considered as one class, will be required. In addition, an amendment or modification:

- may not, without the consent of the holder of each outstanding Debt Security affected:
  - change the maturity of the principal of, or any installment of principal of or interest on, any Debt Securities;
  - reduce the principal amount or the rate of interest, or the amount of any installment of interest, or change the method of calculating the rate of interest;
  - reduce any premium payable upon the redemption of the Debt Securities;
  - reduce the amount of the principal of any Debt Security originally issued at a discount from the stated principal amount that would be due and payable upon a declaration of acceleration of maturity;
  - change the currency or other property in which a Debt Security or premium or interest on a Debt Security is payable; or
  - impair the right to institute suit for the enforcement of any payment on or after the stated maturity, or in the case of redemption, on or after the redemption date, of any Debt Securities;
- may not reduce the percentage of principal amount requirement for consent of the holders for any supplemental indenture, or for any waiver of compliance with any provision of or any default under the applicable indenture, or reduce the requirements for quorum or voting, without the consent of the holder of each outstanding Debt Security of each series or tranche affected; and
- may not modify provisions of the applicable indenture relating to supplemental indentures, waivers of certain covenants and waivers of past defaults with respect to the Debt Securities of any series, or any tranche of a series, without the consent of the holder of each outstanding Debt Security affected.

A supplemental indenture will be deemed not to affect the rights under the applicable indenture of the holders of any series or tranche of the Debt Securities if the supplemental indenture:

- changes or eliminates any covenant or other provision of the applicable indenture expressly included solely for the benefit of one or more other particular series of Debt Securities or tranches thereof; or
- modifies the rights of the holders of Debt Securities of any other series or tranches with respect to any covenant or other provision.

For more information, see Section 1202 of the applicable Debt Securities Indenture.

If we solicit from holders of the Debt Securities any type of action, we may at our option by board resolution fix in advance a record date for the determination of the holders entitled to vote on the action. We shall have no obligation, however, to do so. If we fix a record date, the action may be taken before or after the record date, but only the holders of record at the close of business on the record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of the outstanding Debt Securities have authorized the action. For that purpose, the outstanding Debt Securities shall be computed as of the record date. Any holder action shall bind every future holder of the same security and the holder of every security issued upon the registration of transfer of or in exchange for or in lieu of the security in respect of anything done or permitted by the Debt Securities Trustee or us in reliance on that action, whether or not notation of the action is made upon the security. For more information, see Section 104 of the applicable Debt Securities Indenture.

Defeasance

Unless the applicable prospectus supplement or free writing prospectus provides otherwise, any Debt Security, or portion of the principal amount of a Debt Security, will be deemed to have been paid for purposes of the applicable indenture, and, at our election, our entire indebtedness in respect of the Debt Security, or portion thereof, will be deemed to have been satisfied and discharged, if we have irrevocably deposited with the Debt Securities Trustee or any paying agent other than us, in trust money, certain eligible obligations, as defined in the applicable indenture, or a combination of the two, sufficient to pay principal of and any premium and interest due and to become due on the Debt Security or portion thereof. For more information, see Section 701 of the applicable Debt Securities Indenture. For this purpose, unless the applicable prospectus supplement or free writing prospectus provides otherwise, eligible obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States, entitled to the benefit of full faith and credit of the United States, and certificates, depositary receipts or other instruments that evidence a direct ownership interest in those obligations or in any specific interest or principal payments due in respect of those obligations.

Resignation, Removal of Debt Securities Trustee; Appointment of Successor

The Debt Securities Trustee may resign at any time by giving written notice to us or may be removed at any time by an action of the holders of a majority in principal amount of outstanding Debt Securities delivered to the Debt Securities Trustee and us. No resignation or removal of the Debt Securities Trustee and no appointment of a successor trustee will become effective until a successor trustee accepts appointment in accordance with the requirements of the applicable indenture. So long as no event of default or event that would become an event of default has occurred and is continuing, and except with respect to a Debt Securities Trustee appointed by an action of the holders, if we have delivered to the Debt Securities Trustee a resolution of our board of directors appointing a successor trustee and the successor trustee has accepted the appointment in accordance with the terms of the applicable indenture, the Debt Securities Trustee will be deemed to have resigned and the successor trustee will be deemed to have been appointed as trustee in accordance with the applicable indenture. For more information, see Section 910 of the applicable Debt Securities Indenture.

Notices

We will give notices to holders of Debt Securities by mail to their addresses as they appear in the Debt Security Register. For more information, see Section 106 of the applicable Debt Securities Indenture.

Title

The Debt Securities Trustee and its agents, and we and our agents, may treat the person in whose name a Debt Security is registered as the absolute owner of that Debt Security, whether or not that Debt Security may be overdue, for the purpose of making payment and for all other purposes. For more information, see Section 308 of the applicable Debt Securities Indenture.

Governing Law

The Debt Securities Indentures and the Debt Securities, including any Subordinated Debt Securities Indentures and Subordinated Debt Securities, will be governed by, and construed in accordance with, the law of the State of New York. For more information, see Section 112 of the applicable Debt Securities Indenture.

Relationship With the Current Trustee or Future Trustees

In the normal course of business, the Trustee under our Indenture (For Debt Securities), dated as of December 7, 2005, or its affiliates provides, and any future trustee or its affiliates may, from time to time, provide certain commercial banking, investment banking, and securities underwriting services to us and our affiliates. The Debt Securities Trustee's affiliate currently serves as Mortgage Trustee under our Mortgage described above.

DESCRIPTION OF PREFERRED STOCK

The following summary of the characteristics of our preferred stock is a summary and is qualified in all respects by reference to our amended articles of incorporation and bylaws, each as amended, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. You should carefully read each of these documents in order to fully understand the terms and provisions of our preferred stock.

Reference is also made to the laws of the State of Florida.

General

Our authorized preferred stock consists of the following classes with the following number of authorized shares per class:

- Cumulative Preferred Stock —4,000,000 shares with a par value of $100 per share; and
- Cumulative Preferred Stock —5,000,000 shares with no par value.

Our board of directors may authorize the preferred stock to be issued from time to time as one or more series of preferred stock. For each new series of preferred stock, the board of directors, within the limitations and restrictions stated in Article III(B) of our articles of incorporation, may establish the number of shares in each series and to fix the designation, powers, preferences and rights of each such series and the qualifications, limitations or restrictions thereof. Generally, each class of our preferred stock ranks equally with each other class and senior to our preference stock and our common stock.

$100 Cumulative Preferred Stock

Our articles of incorporation authorize 4,000,000 shares of Cumulative Preferred Stock with a par value of $100 per share ("$100 Cumulative Preferred Stock"). We have the following five designated series of $100 Cumulative Preferred Stock with the corresponding number of authorized and outstanding shares as of September 30, 2008: (i) 40,000 shares of 4.00% Series authorized, 39,980 shares outstanding; (ii) 40,000 shares of 4.60% Series authorized, 39,997 shares outstanding; (iii) 80,000 shares of 4.75% Series authorized and outstanding; (iv) 75,000 shares of 4.40% Series authorized and outstanding; and (v) 100,000 shares of 4.58% Series authorized, 99,990 shares outstanding. All of our other previously designated series of $100 Cumulative Preferred Stock have been redeemed or retired. The terms of the $100 Cumulative Preferred Stock generally include:

- cumulative quarterly dividends of a rate fixed by the board of directors at the time the series is issued. Currently, the five separate series of outstanding $100 Cumulative Preferred Stock have the following dividend rates:
  - $100 Cumulative Preferred Stock, 4.00% Series —4.00% per annum;
  - $100 Cumulative Preferred Stock, 4.60% Series —4.60% per annum;
  - $100 Cumulative Preferred Stock, 4.75% Series —4.75% per annum;
  - $100 Cumulative Preferred Stock, 4.40% Series —4.40% per annum; and
  - $100 Cumulative Preferred Stock, 4.58% Series —4.58% per annum;
- a liquidation preference, which may vary depending on whether the liquidation is voluntary or involuntary. The holders of each series of $100 Cumulative Preferred Stock will be entitled to receive: (i) in the event of an involuntary liquidation, the par or stated value of the shares of the series, plus all accrued and unpaid dividends; or (ii) in the event of a voluntary liquidation, the redemption price fixed by the board of directors at the time the series was issued, or in the event the shares of a particular series are not then redeemable, the amount specified in the foregoing clause (i); and

- redemption rights at a price per share fixed by the board of directors at the time the series is issued. Currently, the five separate series of outstanding $100 Cumulative Preferred Stock have the following redemption prices:
  - $100 Cumulative Preferred Stock, 4.00% Series —$104.25 per share, plus accrued and unpaid dividends;
  - $100 Cumulative Preferred Stock, 4.60% Series —$103.25 per share, plus accrued and unpaid dividends;
  - $100 Cumulative Preferred Stock, 4.75% Series —$102.00 per share, plus accrued and unpaid dividends;
  - $100 Cumulative Preferred Stock, 4.40% Series —$102.00 per share, plus accrued and unpaid dividends; and
  - $100 Cumulative Preferred Stock, 4.58% Series —$101.00 per share, plus accrued and unpaid dividends.

No Par Cumulative Preferred Stock

Our articles of incorporation authorize 5,000,000 shares of Cumulative Preferred Stock with no par value ("No Par Cumulative Preferred Stock"), none of which were outstanding as of September 30, 2008. The terms of the No Par Cumulative Preferred Stock generally include:

- cumulative quarterly dividends of a rate fixed by the board of directors at the time the series is issued; and
- a liquidation preference, which may vary depending on whether the liquidation is voluntary or involuntary. The holders of each series of No Par Cumulative Preferred Stock will be entitled to receive: (i) in the event of an involuntary liquidation, the par or stated value of the shares of the series, plus all accrued and unpaid dividends; or (ii) in the event of a voluntary liquidation, the redemption price fixed by the board of directors at the time the series was issued, or in the event the shares of a particular series are not then redeemable, the amount specified in the foregoing clause (i).

Prior to the issuance of any shares of No Par Cumulative Preferred Stock, the board of directors shall establish a stated value for the shares of each series. This stated value cannot exceed the lesser of $100 per share or the consideration to be received for each share.

Certain Voting Rights of Preferred Stock Holders

Holders of our preferred stock do not have a right to vote in elections of directors or on any other matter, except as required by law or as specifically required under our amended articles of incorporation. In the event that we have not made distributions with respect to any of our preferred stock for a period of at least four quarters, until all dividends accumulated through the current dividend period have been paid, our articles of incorporation permit the holders of our preferred stock to elect a majority of the directors to our board of directors. Additionally, our amended articles of incorporation permit the holders of our preferred stock to vote on certain amendments to our amended articles of incorporation that materially and adversely affect the rights, preferences or privileges of the preferred stock. When entitled to vote, each share of our $100 Cumulative Preferred Stock and No Par Cumulative Preferred Stock having a stated value of $100 per share is generally entitled to one vote per share, while each share of No Par Cumulative Preferred Stock having a stated value less than $100 per share is generally entitled to that fraction of a vote per share equal to the quotient of a fraction, the numerator of which is the stated value of the share and the denominator of which is $100. In the event the holders of our preferred stock acquire the right to elect directors as set forth above, such holders are entitled to cumulate their votes in the election of the directors.

Dividend Restrictions and Certain Covenants

Unless dividends on all outstanding shares of each series of our preferred stock shall have been paid, or declared and set aside for payment, we cannot:

- pay or declare dividends (other than dividends payable in common stock or any other stock subordinate to our preferred stock) on, or make any other distribution on, our common stock or any other stock subordinate to our preferred stock; or

- purchase or otherwise acquire for value our common stock or any other stock subordinate to our preferred stock.

So long as any shares of our preferred stock are outstanding, we cannot pay any dividends on (other than dividends payable in common stock or any other stock subordinate to our preferred stock), make any distribution on, or purchase or otherwise acquire for value, any of our common stock or other stock subordinate to our preferred stock, if after giving effect to such dividend, distribution or purchase, the aggregate amount of such dividends, distributions or purchases paid or made since April 30, 1944 exceeds the sum of:

- all credits to earned surplus since April 30, 1944; and

- all amounts credited to capital surplus since April 30, 1944, arising from the donation of cash or securities (other than securities junior to our preferred stock as to assets and dividends) to us or transfers of amounts from earned surplus to capital surplus.

In addition, so long as any shares of our preferred stock are outstanding:

- if and so long as our common stock equity (as defined below) at the end of the calendar month immediately preceding the date on which a dividend on our common stock is declared is, or as a result of such dividend would become, less than 20% of our total capitalization (as defined below), we shall not declare dividends on our common stock in an amount which, together with all other dividends on our common stock declared within the year ending on the date of such dividend declaration, exceeds 50% of the net income of the corporation available for dividends on common stock (as defined below) for the 12 months immediately preceding the month in which such dividend is declared;

- if and so long as our common stock equity at the end of the calendar month immediately preceding the date on which a dividend on our common stock is declared is, or as a result of such dividend would become, less than 25%, but not less than 20%, of our total capitalization, we shall not declare dividends on our common stock in an amount which, together with all other dividends on our common stock declared within the year ending on the date of such dividend declaration, exceeds 75% of the net income of the corporation available for dividends on common stock for the 12 months immediately preceding the month in which such dividend is declared; and

- at any time when our common stock equity is 25% or more of total capitalization, we may not pay dividends on shares of our common stock which would reduce common stock equity below 25% of total capitalization; *provided, however*, that even though the payment of such dividends would reduce our common stock equity below 25% of total capitalization, we may declare such dividends to the extent that the same, together with all dividends on our common stock declared within the year ending on the date of such dividend declaration do not exceed 75% of our net income available for dividends on common stock for the 12 months immediately preceding the month in which such dividends are declared.

So long as any shares of our preferred stock are outstanding, we cannot, without the consent of the holders of the shares of our preferred stock entitled to cast at least two-thirds of the votes thereon:

- create or authorize any kind of stock ranking prior to or on a parity with any of our preferred stock as to assets or dividends, or create or authorize any security convertible into shares of such stock; or
- amend, alter, change or repeal any of the terms of any of our preferred stock then outstanding in a manner prejudicial to the holders thereof; provided, however, that if any such amendment, alteration, change or repeal would be prejudicial to the holders of shares of one or more, but not all, of the series of our preferred stock, such consent shall be required only from the holders of at least two-thirds of the series so affected.

So long as any shares of our preferred stock are outstanding, we cannot, without the consent of the holders of the shares of our preferred stock entitled to cast at least a majority of the votes thereon:

- increase the total authorized amount of our preferred stock;
- issue any shares of our preferred stock, unless for any period of 12 consecutive calendar months within the 15 calendar months immediately preceding the month of issuance:
  - — our net earnings applicable to the payment of dividends on shares of our preferred stock is at least two times the annual dividend requirements on all shares of our preferred stock to be outstanding immediately after the proposed issuance (excluding from the foregoing calculation all stock to be retired in connection with the proposed issuance); and
  - — our net earnings available for the payment of interest charges on our indebtedness is at least one and one-half times the sum of (i) the annual interest charges on our indebtedness and (ii) the annual dividend requirements on all shares of our preferred stock to be outstanding immediately after the proposed issuance (excluding from the foregoing calculation all indebtedness and stock to be retired in connection with the proposed issuance);
- issue or incur additional indebtedness maturing more than 12 months from the date of issue, or issue any additional shares of preferred stock, unless immediately after such issuance, the aggregate of the principal amount of indebtedness then maturing in more than 12 months and the par value or stated value of preferred stock then outstanding shall be less than 75% of our total capitalization;
- issue any shares of our preferred stock, unless the aggregate of our capital applicable to our common stock and our surplus is not less than the amount payable upon involuntary dissolution to the holders of our preferred stock to be outstanding immediately after the proposed issuance (excluding from the foregoing calculation stock to be retired in connection with the proposed issuance); *provided* that no portion of our surplus used to meet the requirements of the foregoing calculation shall be available for dividends or distributions upon our common stock after such issuance and until such shares or a like number of other shares of our preferred stock shall have been retired; or
- merge or consolidate with or into any other corporation; *provided* that this restriction shall not apply to a merger pursuant to any provision of law which authorizes us, without shareholder action, to be the surviving party if the terms of the merger do not alter the provisions of our amended articles of incorporation (except as to our corporate name) nor otherwise affect our outstanding shares.

As used herein under the caption "Description of Preferred Stock — Dividend Restrictions and Certain Covenants", the following terms shall have the meanings set forth below.

- The term "common stock equity" shall mean the sum of the amount of the par or stated value of the issued and outstanding shares of our common stock and the surplus (including capital or paid-in surplus) and premium on our common stock, less the amount known, or estimated if not

known, to represent the excess, if any, of recorded value over original cost of used and useful utility plant and other property, and less any items set forth on the asset side of the balance sheet as a result of accounting convention such as unamortized debt discount and expense, capital stock discount and expense, and the aggregate, if any, of all accrued and unpaid dividends upon all outstanding shares of all series of our preferred stock, unless such amount or items to be deducted in the determination of common stock equity are provided for by reserves.

- The term "total capitalization" shall mean the aggregate of the par or stated value of the issued and outstanding shares of all classes of our stock and the surplus (including capital or paid-in surplus) and premium on our capital stock, plus the principal amount of all outstanding debt maturing more than 12 months from the date of the determination of total capitalization.
- The term "dividends on common stock" shall include dividends or other distributions on or the purchase or other acquisition for value of shares of our common stock, but shall not include dividends payable solely in shares of our common stock.
- The term "net income of the corporation available for dividends on capital stock" for any 12 month period shall mean an amount equal to the sum of the operating revenues and income from investments and other miscellaneous income for such period, less all accrued operating expenses for such period, including maintenance and provision for depreciation or retirements, income and excess profits and other taxes, interest charges, and amortization charges, all as shall be determined in accordance with generally accepted accounting principles, and less also current and accrued dividends on all outstanding shares of our stock ranking prior to our common stock as to dividends or assets.

Transfer Agent

The transfer agent and registrar for the 4.00% Series, 4.60% Series, 4.75% Series, 4.40% Series, and 4.58% Series of our $100 Cumulative Preferred Stock is Computershare Trust Company, N.A. The transfer agent and registrar for our other series of preferred stock will be set forth in the applicable prospectus supplement.

Future Series of Preferred Stock

Our board of directors may authorize the preferred stock to be issued from time to time as one or more series of preferred stock. All shares of preferred stock of all series shall be of equal rank and all shares of any particular series of preferred stock shall be identical, except as to the date or dates from which dividends thereon shall be cumulative. For each new series of preferred stock, the board of directors, within the limitations and restrictions stated in Article III(B) of our articles of incorporation, may establish:

- the number of shares in each series;
- the annual dividend rate;
- the date from which dividends shall be cumulative;
- the redemption price(s) (if any);
- the time(s) and the amount of shares and other terms with respect to the redemption of shares;
- any sinking fund provisions;
- the conversion, participating or other special rights; and
- the qualifications, limitations or restrictions thereof.

The terms of any future preferred stock offered will be set forth in a prospectus supplement or free writing prospectus.

GLOBAL SECURITIES

We may issue some or all of our securities of any series as global securities. We will register each global security in the name of a depositary identified in the applicable prospectus supplement. The global securities will be deposited with a depositary or nominee or custodian for the depositary and will bear a legend regarding restrictions on exchanges and registration of transfer as discussed below and any other matters to be provided pursuant to the indenture.

As long as the depositary or its nominee is the registered holder of a global security, that person will be considered the sole owner and holder of the global security and the securities represented by it for all purposes under the securities and the indenture. Except in limited circumstances, owners of a beneficial interest in a global security:

- will not be entitled to have the global security or any securities represented by it registered in their names;
- will not receive or be entitled to receive physical delivery of certificated securities in exchange for the global security; and
- will not be considered to be the owners or holders of the global security or any securities represented by it for any purposes under the securities or the indenture.

We will make all payments of principal and any premium and interest on a global security to the depositary or its nominee as the holder of the global security. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global security.

Ownership of beneficial interests in a global security will be limited to institutions having accounts with the depositary or its nominee, called "participants" for purposes of this discussion, and to persons that hold beneficial interests through participants. When a global security is issued, the depositary will credit on its book-entry, registration and transfer system the principal amounts of securities represented by the global security to the accounts of its participants. Ownership of beneficial interests in a global security will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by:

- the depositary, with respect to participants' interests; or
- any participant, with respect to interests of persons held by the participants on their behalf.

Payments by participants to owners of beneficial interests held through the participants will be the responsibility of the participants. The depositary may from time to time adopt various policies and procedures governing payments, transfers, exchanges and other matters relating to beneficial interests in a global security. None of the following will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to those beneficial interests:

- us or our affiliates;
- the trustee under any indenture; or
- any agent of any of the above.

PLAN OF DISTRIBUTION

We may sell the securities:

- through underwriters or dealers;
- directly through a limited number of institutional or other purchasers or to a single purchaser;
- through agents; or
- by any other legal means.

The applicable prospectus supplement will set forth the terms under which the securities are offered, including:

- the names of any underwriters, dealers or agents, and the respective amounts underwritten by each;
- the purchase price and the net proceeds to us from the sale;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed, re-allowed or paid to dealers; and
- any securities exchanges on which we may list any offered securities.

We or any underwriters or dealers may change from time to time any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers.

If we use underwriters in the sale, the securities will be acquired by the underwriters for their own account and may be resold in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of the sale. Unless the applicable prospectus supplement states otherwise, the obligations of the underwriters to purchase the securities will be subject to certain conditions, and the underwriters will be severally obligated to purchase all of the securities, except that in certain cases involving a default by an underwriter, less than all of the securities may be purchased. If we sell securities through an agent, the applicable prospectus supplement will state the name and any commission payable by us to the agent. Unless the prospectus supplement provides otherwise, any agent acting for us will be acting on a best efforts basis for the period of its appointment.

The applicable prospectus supplement will state whether we will authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase securities at the public offering price set forth in the prospectus supplement or free writing prospectus pursuant to delayed delivery contracts providing for payment and delivery on a specified future date. These contracts will be subject to the conditions set forth in the prospectus supplement. Additionally, the prospectus supplement or free writing prospectus will set forth the commission payable for solicitation of these contracts.

Agents and underwriters may be entitled, under agreements with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended.

EXPERTS

The financial statements and the related financial statement schedule, incorporated in this prospectus by reference from our Current Report on Form 8-K dated November 6, 2008, for the year ended December 31, 2007 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report on the financial statements and financial statement schedule expresses an unqualified opinion and includes an explanatory paragraph concerning the retrospective adoption of a new accounting principle in 2008 and the adoption of new accounting principles in 2007 and 2006), which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

Unless the applicable prospectus supplement provides otherwise, R. Alexander Glenn, General Counsel of Florida Power Corporation, and Hunton & Williams LLP, our outside counsel, will issue opinions about the legality of the offered securities for us. Unless the applicable prospectus supplement provides otherwise, any underwriters or agents will be advised about issues relating to any offering by their legal counsel, Dewey & LeBoeuf LLP of New York, New York. As of September 30, 2008, Mr. Glenn beneficially owned, or had options to acquire, a number of shares of our common stock, which represented less than 0.1% of the total outstanding common stock. Mr. Glenn is acquiring additional shares of Progress Energy, Inc. common stock at regular intervals as a participant in the Progress Energy 401(k) Savings & Stock Ownership Plan.

$600,000,000



Florida Power Corporation d/b/a

Progress Energy Florida, Inc.

First Mortgage Bonds
$250,000,000 4.55% due 2020
$350,000,000 5.65% due 2040

Prospectus Supplement

March 22, 2010

Joint Book-Running Managers

BofA Merrill Lynch
J.P. Morgan
Mitsubishi UFJ Securities

Co-Managers

BNY Mellon Capital Markets, LLC
Citi
SunTrust Robinson Humphrey
Baird
BB&T Capital Markets

EXHIBIT (4)-b

EXHIBIT (4)-b

BAS MERGES INTO MLPF&S

Effective November 1, 2010, Banc of America Securities LLC (BAS) was merged with and into Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S). The merger of BAS and MLFP&S represents a major step toward our goal of creating today's premier financial services organization, uniquely positioned to help its clients navigate challenges and capitalize on opportunities. The strong capital foundation created by this merger and the significant breadth and depth of resources of the combined entity provide us with a distinct competitive advantage as we work to help our clients achieve their goals and bring excellence in banking, brokerage and wealth management.

A copy of the Certificate of Merger as filed with the Delaware Secretary of State may be accessed at Financials | Bank of America Merrill Lynch.

Delaware

The First State

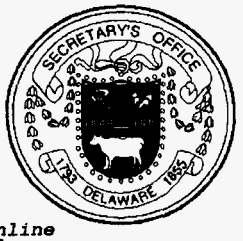
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"BANC OF AMERICA SECURITIES LLC", A DELAWARE LIMITED LIABILITY COMPANY,

WITH AND INTO "MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED" UNDER THE NAME OF "MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-SEVENTH DAY OF OCTOBER, A.D. 2010, AT 1:13 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FIRST DAY OF NOVEMBER, A.D. 2010, AT 12:03 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Jeffrey W. Bullock, Secretary of State

0529619 8100M

AUTHENTICATION: 8314557

101032581

DATE: 10-27-10

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:19 PM 10/27/2010
FILED 01:13 PM 10/27/2010
SRV 101032581 - 0529619 FILE

STATE OF DELAWARE

CERTIFICATE OF MERGER

MERGING

BANC OF AMERICA SECURITIES LLC

INTO

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Pursuant to Title 6, Sec. 18-209 of the Delaware Limited Liability Company Act (the "Act") and Title 8, Sec. 264 of the General Corporation Law of the State of Delaware (the "DGCL"), the undersigned corporation executed the following Certificate of Merger for filing and certifies that:

FIRST: The name of the constituent corporation is Merrill Lynch, Pierce, Fenner & Smith Incorporated, a Delaware corporation, and the name of the limited liability company being merged into this corporation is Banc of America Securities LLC, a Delaware limited liability company (together, the "Constituent Companies").

SECOND: The Agreement and Plan of Merger, between the Constituent Companies, has been approved, adopted, certified, executed and acknowledged by each of the Constituent Companies in accordance with Title 6, Section 18-209(b) of the Act, Title 8, Section 264 of the DGCL, and, with respect to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Title 8, Section 228 of the DGCL.

THIRD: The name of the surviving corporation is Merrill Lynch, Pierce, Fenner & Smith Incorporated, a Delaware corporation.

FOURTH: The Merger shall become effective on November 1, 2010 at 12:03 AM Eastern Time.

FIFTH: The executed Agreement and Plan of Merger is on file at One Bryant Park, New York, New York 10036, the principal place of business of the surviving corporation.

SIXTH: A copy of the Agreement and Plan of Merger will be furnished by the surviving corporation, on request and without cost, to any member or stockholder of the Constituent Companies.

SEVENTH: The certificate of incorporation of Merrill Lynch, Pierce, Fenner & Smith Incorporated in effect immediately prior to the merger shall be the certificate of incorporation of the surviving corporation.

Signature page follows

IN WITNESS WHEREOF, said surviving corporation has caused this Certificate of Merger to be signed by an authorized officer this 27 day of October, 2010

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____
Thomas Kell Montag
Co-Chief Executive Officer